Germany cuts rates
Bundesbank gives Europe a push towards recovery
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Middle age or a second childhood?
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Retailing
Kingfisher seeks a French catch
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Tomorrow's Weekend FT
North Sea oil: after 25 years, what happens next?

FINANCIAL TIMES

Europe's Business Newspaper FRIDAY FEBRUARY 5 1993 D8523A

US productivity shows best gains in past 20 years

Output per hour in non-farm US businesses is growing more quickly than at any time since the early 1970s with productivity rising at an annual 4 per cent rate in the fourth quarter last year and by 2.7 per cent for 1992 as whole.

This represents a sharp turnround after five years in which annual productivity growth averaged about 0.5 per cent. Page 12

Bérégovoy blasts UK 'dead end': Britain was accused of "going down a dead-end path" by French prime minister Pierre Bérégovoy. He said prime minister John Major was a victim of Margaret Thatcher's radical free-market policies. Page 3

Japanese reform call: Japan was urged to ease market regulation and encourage competition to ensure the longer-term health of the troubled financial system. Page 13; Tokyo welcomes discount rate cut, Page 4; Japan-EC trade talks, *Page 5; Lex, Page 12*

King expected to quit chairmanship:

Lord King is expected to step down today as chairman of British Airways in favour of chief executive Sir Colin Marshall. Lord King, 75, was due to retire in July but is to leave early to ensure continuity of the BA top management succession, shaken by the company's involvement in a "dirty tricks" campaign against rival, Virgin Atlantic. Lord King will become honorary president of BA. Page 13; KLM plunges, Page 13; US groups renew attack on BA deal, Page 15; Observer, Page 11

Nestlé Rowntree, Swiss-owned food conglomerate, is to shut its chocolate bar production plant in Glasgow, Scotland, over the next two years with the loss of 550 jobs. Page 12

Daf production: Daf said it expected regular production at its Eindhoven and Westerlo plants in the Netherlands to restart next Monday after the collapse of Leyland-Daf on Tuesday. Page 6; Citroën to cut 1,600 jobs, Page 3; Mercedes sees writing on the wall, Page 8

German cellphone group: Germany awarded a licence for a new cellular telephone network to a consortium headed by German industrial groups Thyssen and Veba. Page 3

Asthma gene found: Researchers at Oxford, southern England, have found a gene which may make people susceptible to asthma and hay fever. Page 8

Erbamont stake may be sold: Lossmaking Italian chemicals and agro-industrial group Montedison said talks to sell a stake in its profitable Erbamont pharmaceuticals subsidiary were nearing completion. The likely buyer is Swedish pharmaceuticals group Procordia. Page 14

Delors warns US: European Commission president Jacques Delors said that Europe would have to stand up to the Americans if the EC and US could not co-ordinate policy. Page 4

Chinese job cuts: Wuhan Iron & Steel, China's fourth-largest steelmaker, is to lose 80,000 workers in an effort to achieve western efficiency standards. Page 4

Yeltsin assails central bank: President Boris Yeltsin accused the Russian central bank of "a most crude mistake" in issuing Rbs3,000bn in cheap credit to state-owned enterprises. Page 4

UK exporters complain: Leading British exporters say thousands of UK jobs are at risk and valuable exports are being lost because export credit cover is expensive or difficult to obtain. Page 6

Playboy shot down: Dutch defence ministry plans to send free copies of Playboy magazine to its troops in Bosnia, where women have suffered systematic rape attacks, have been condemned by Germany's Roman Catholic church.

Rushdie bill: British novelist Salman Rushdie, author of The Satanic Verses, under threat of execution by Moslem extremists, said he had paid about £250,000 ($358,000) of the estimated £1m cost for police protection.

Maastricht vote: Denmark will hold its second referendum on the Maastricht treaty on May 18. The treaty was narrowly rejected in a poll last June. Page 3

■ STOCK MARKET INDICES

FT-SE 100:	2,866.0	(-7.9)
Yield	4.26	
FT-SE Eurotrack 100	1,113.35	(+16.32)
FT-A All-Share	1,396.84	(-0.0%)
Nikkei	17,190.63	(-31.40)
New York lunchtime		
Dow Jones Ind Ave	3,384.32	(+20.53)
S&P Composite	448.18	(+0.90)

■ US LUNCHTIME RATES

Federal Funds:	3⅛%	
3-mo Treas Bills: Yld	2.941%	
Long Bond	105½	
Yield	7.181%	

■ LONDON MONEY

3-mo Interbank	6⅛%	(6¼%)
Liffe long gilt future:	Mar 101⅜	(Mar 102⅛)

■ NORTH SEA OIL (Argus)

Brent 15-day (March)	$18.585	(18.34)

■ Gold

New York Comex (Feb)	$329.8	(329.3)
London	$328.15	(328.30)

■ STERLING

New York lunchtime:		
$	1.4435	
London:		
$	1.445	(1.434)
DM	2.39	(2.36)
FFr	8.075	(8.003)
SFr	2.21	(2.1875)
Y	180.5	(178.25)
£ Index	77.5	(76.9)

■ DOLLAR

New York lunchtime:		
DM	1.65525	
FFr	5.588	
SFr	1.533	
Y	124.53	
London:		
DM	1.6535	(1.6455)
FFr	5.5875	(5.58)
SFr	1.5295	(1.5245)
Y	124.55	(124.30)
$ Index	67.5	(67.3)
Tokyo close Y 124.88		

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1.250	Hungary	Ft192	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lev25.00	India	Rs40	Neth	Fl 3.75	Slovak Rp	Kcs45
Cyprus	C£1.00	Indonesia	Rp3600	Nigeria	Naira20	Spain	Pta200
Czech Rp	Kcs45	Israel	Shk5.90	Norway	NKr16.00	Sweden	SKr15
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Switz	SFr3.20
Egypt	E£4.50	Jordan	JD1.50	Pakistan	Rs35	Syria	S£50.00
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Thailand	Bht50
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Tunisia	Din1.250
Germany	DM3.30	Lebanon	US$1.25	Portugal	Esc215	Turkey	L7000
						UAE	Dh11.00

■ Delors praises 'good political signal' ■ Industry attacks 'unfortunate' timing

Bundesbank cuts interest rates

By Christopher Parkes in Frankfurt

THE German Bundesbank yesterday brought surprise and relief around Europe by cutting its leading interest rates to stave off speculative attacks against weaker currencies.

The Bundesbank, which effectively sets the direction of interest rates in Europe, lowered its discount rate by 0.25 percentage point to 8 per cent and the internationally sensitive Lombard rate by 0.5 point to 9 per cent.

The move to reduce the main interest rates at which the Bundesbank provides funds to the banks helped to rally stock and bond markets around Europe. However, German long-term interest rates rose slightly as capital market dealers worried about the persistence of German inflationary pressures.

Mr Jacques Delors, European Commission president, interpreted the move as a clear effort to preserve Franco-German monetary co-operation. He called it a "good political signal at a time when one was entitled to worry about the long-term stability of the European Monetary System".

The French finance ministry, which has been pressing Germany to lower rates to help the franc, said: "This is the kind of gesture that should help the EMS get some stability back."

Mr Helmut Schlesinger, Bundesbank president, underlined the importance of the cuts for the future of the EMS. "We hope this unfriendly game sometimes called dominoes, in which speculators pick on one currency after another, has finally come to an end," he told a news conference.

Mr Erik Hoffmeyer, governor of the Danish National Bank, which has had to intervene heavily to support the krone this week, said the German cuts were sufficient to head off a krone devaluation.

The move, however, was criticised by German industrialists as bowing to foreign pressure to ease German credit costs. The Federation of German Chambers of Commerce said the timing was "unfortunate" and said "pressure to bring wage and fiscal policy back to a stability-orientated track is now smaller". On Monday, Mr Schlesinger appeared to oppose short-term interest rate cuts by saying only "ignoramuses" were saying German rates were persistently high.

Ms Alison Cottrell, an economist at London-based Midland Global Markets: "It is a complete about-turn for Schlesinger. The move was forced on him both by both international and domestic considerations. Had he done nothing today, the ERM would have fallen apart disastrously. But a quarter point off the discount rate is not the end of the road. The Bundesbank is buying itself time through to the French elections."

The central banks of the Netherlands, Belgium and Austria, which closely align their monetary policy to Germany's, reacted to the move with cuts in some of their own ending rates.

The Dutch central bank lowered its special advances rate by 0.1 of a point to 8.30 per cent. Austria cut its discount rate to 7.5 per cent from 7.875 per cent and the Lombard rate to 8.75 from 9.25 per cent. The Belgian National Bank cut the central rate for primary dealers to 8.30 per cent from 8.40 per cent and the emergency lending rate to 9.75 per cent from 10.0 per cent.

Some German economists were disappointed that yesterday's announcement gave no indication of further possible reductions in the Bundesbank's money market dealing rates.

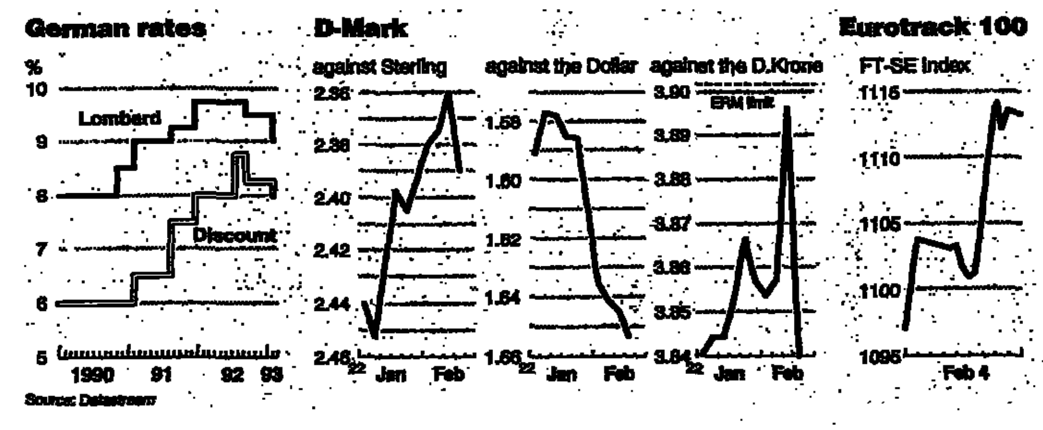
Mr Norbert Walter, chief economist at Deutsche Bank, interpreted yesterday's modest concessions as an indication of "deep divisions" within the Bundesbank's governing central council.

Hardliners were likely to have struggled to hold the line and keep rates up until there were sure signs that inflation, money supply, wages and government spending were firmly under control. However, regional council members' arguments for some relief to help offset the impact of recession, combined with the renewed ERM turbulence and speculative attacks on the Danish krone, won the day.

Germany's deepening economic crisis was highlighted again yesterday by statistics showing incoming manufacturing orders at the end of last year had fallen by 8 per cent. Unemployment figures, expected today, will show a further sharp increase.

According to Mr Walter, the cuts were merely a "symbolic shift". Mr Richard Reid, currency economist at the Union Bank of Switzerland, said: "When push comes to shove on exchange rates, the bank has shown it will make a nod in the direction of foreign partners".

The bank also announced a sharp reduction in the minimum reserves private banks are required to deposit, interest free, with the Bundesbank and unveiled plans to introduce new short-term bills to soak up some of the liquidity created by minimum reserve cuts. Bankers said the object was in part to improve German financial markets' competitiveness. Reducing minimum reserve requirements would initially improve banks' profitability, but the Bundesbank is likely to press for benefits to be shared.



Source: Datastream

THE GERMAN RATE CUT

Page 2
■ Ailing ERM handed new lease of life
■ Schlesinger yields to pressure from all sides
■ Smoke clears around franc
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Schlesinger: hoped unfriendly game of 'dominoes' had ended

European shares gain as ERM tensions ease

By Peter Marsh, Sara Webb and James Blitz in London

SHARES on most world markets gained yesterday on hopes that the surprise cut in German rates would help the fragile European economy. The move also eased recent tensions in the European exchange rate mechanism.

But investor satisfaction was tempered by disappointment at the relatively small cut in rates, a development which might hamper any widespread reduction in borrowing costs across Europe. These sentiments were reflected in the muted reaction to the news on European bond markets.

The most immediate beneficiaries of the move were the Danish krone and the French franc, which had been pinned relatively close to their ERM floors by the strong D-Mark. With the Bundesbank move causing a rush of funds out of D-Marks, both currencies gained significantly, quelling fears that the ERM might be in for another period of extreme turbulence.

On stock markets, the best performers included the Milan and Paris bourses, both of which gained about 1.5 per cent, while the rate cut triggered a sharp flurry on the Frankfurt exchange in after-hours trading.

The FT-SE Eurotrack 100 index, which tracks prices of leading company shares across Europe, closed below the day's highs at 1,112.49, for an overall gain on the day of 15.46.

In London, the FT-SE 100 index gained 26 points before the Bundesbank announcement to reach a high of 2,900.1, the first time it had ever breached the 2,900 mark. Afterwards, however, the index slipped to close at 2,866.0, down 7.8 on the day.

Sterling reached a high of DM2.395 immediately after the German rate cut, closing in London slightly lower at DM2.39 for an overall gain of 3 pfennigs.

UK government bonds rallied early in the day but the small size of the German rate cut disappointed the gilt-edged market, which sold off after the Bundesbank announcement. Gilt futures closed down half a point.

On other European government bond markets, many securities rallied strongly, with Spanish and Italian government bonds gaining nearly a point before slipping back on profit-taking. French government bonds also rallied, particularly at the short end. German government bonds rose on the Bundesbank news but slipped back to end slightly lower on the day.

The German move came in the nick of time to ease pressures on some of the weaker ERM currencies, after last weekend's devaluation of the Irish punt.

The Danish krone had been trading close to its ERM floor against the D-Mark of DKr3.9016 before the Bundesbank move, forcing the authorities in Copenhagen to raise a key lending rate by 2 percentage points. But by the the close of trading yesterday, the krone was near to its central ERM parity at DKr3.8392.

The French franc rose to FFr3.3790 at the European close, more than a centime up on the day. One-month French francs traded at about 12 per cent last night, about 3 percentage points below their peak on Monday.

A interesting sign of how much the tension had eased was that the five hard core currencies in the system – the D-Mark, French franc and the Benelux currencies – were all trading within 1 per cent of each other in the ERM grid last night.

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Government bonds, Page 16
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World stock markets, back page Section II

Darty may merge with UK retailer

By Maggie Urry in London and Alice Rawsthorn in Paris

KINGFISHER, the UK retailer, and Darty, the French electrical goods chain, announced yesterday they were in merger talks.

A takeover by Kingfisher, which could value Darty at £1bn ($1.44bn), would create a significant Anglo-French alliance as Europe's retailers look towards cross-border expansion.

Darty, which has 130 stores, is one of the best known names in French retailing. Kingfisher, which is entirely UK-based, encompasses the Woolworth, Superdrug and B&Q chains as well as Comet, Britain's second largest electrical retail chain.

The proposed deal follows UK food retailer Tesco's £175.6m purchase of Catteau, a French supermarket chain, before Christmas.

Mr Nigel Whittaker, Kingfisher's corporate affairs director, said Darty was "the finest electrical retailer in the world" and the deal "would be beneficial for both parties".

He said the two groups had been aware of each other since 1986, first talked about co-operating four years ago, and began "talking seriously about this transaction last summer".

Kingfisher's shares fell 20p to 538p yesterday as the London stock market worried about the cost of the deal.

Mr Whittaker, said Kingfisher's gearing was low. He would not comment on terms but countered suggestions that Kingfisher might overpay to gain a foothold in continental Europe: "If we are going to do this deal, it has to make sense on its own merits".

The purchase price is expected to be much less than that implied by Darty's share price, plus its debt, and may involve deferring part of the consideration.

Darty's shares were suspended at FFr519 in Paris, valuing the group at FFr7.9bn $1.44bn. Darty has about £500m of borrowings. Only 4.7 per cent of its shares are listed after a management buy-out for FFr7bn in 1988. Any deal would include an offer to the minority shareholders.

Darty is under financial pressure because of the slowdown in the French economy, intense competition in the household goods market and the debt incurred to finance the buy-out.

Darty warned shareholders last week that it faced a fall in pre-tax profits in the current financial year from the previous FFr1.07bn. Kingfisher's pre-tax profits in the last financial year, to February 1 1992, were £207.1m, and stockbrokers expect a modest increase in the year just ended.

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Retail monarchs, Page 13
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Demerger plan for two Daf operations

By Robert Peston and Kevin Done in London

THE DUTCH and Belgian operations of Daf, Western Europe's sixth largest truck manufacturer, may be demerged into a new specially created company, financed by local banks and the Dutch government, according to senior bankers.

The UK operations would not be transferred to the new company. Much of UK operating capacity, which employs 5.500 people, could close.

Bankers said yesterday that the main truck plant at Leyland in Lancashire, north-west England, may be sold to management, but that the Birmingham van plant and the Glasgow axle plant in Scotland were at risk.

They added that Daf's administrators, working under Dutch insolvency law, together with local bankers and government officials, are working on the demerger proposal.

It also emerged yesterday that before seeking bankruptcy protection on Tuesday, Daf had been planning to withdraw from all van manufacturing. The Birmingham van plant employs 2,000 peo

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WHY THE BUNDESBANK ACTED

Schlesinger yields to pressure from all sides

By Christopher Parkes in Frankfurt

THE package from the Bundesbank contained a little of something for everyone. The most important, German economists said, was support for the battered European exchange rate mechanism, within which the Danish krone was yesterday singled out for speculative attack.

The cuts in key short-term lending rates – 50 basis points off the internationally sensitive Lombard rate and 25 off the discount rate – sent important psychological signals to struggling European economies.

Similar signals were also received within the German economy, where a welter of black data has recently forced all but the most blinkered to acknowledge that recession has struck at last.

By suggesting that more relaxation can be expected to help domestic recovery and save jobs, if wages and inflation can be better controlled, Mr Helmut Schlesinger, central bank president, offered a carrot to trade unions now embroiled in pay negotiations.

Also, as Mr Schlesinger's laid-back, even genial manner suggested, the bank itself might be able to enjoy a little respite from the weight of domestic and international pressure bearing down on it.

But the operative word was "little". "Markets are not getting much of a signal on easing," said Mr Richard Reid, economist at the Union Bank of Switzerland in Frankfurt.

The Bundesbank's package appeared to be aimed primarily at aiding the European exchange rate mechanism. "It did not want to be put in a position where it could be blamed for the krone leaving," he added.

Mr Norbert Walter, chief economist at Deutsche Bank, described the move as a "symbolic shift", following recent speeches by Mr Schlesinger in which he had indicated that he was concerned about the ERM.

Mr Dietrich Beier of the Berliner Bank was one of the overwhelming majority of economists surprised by the rate cuts. The January inflation figure of 4.4 per cent was "still ringing in our ears", and no change had been expected for at least another four weeks. But the decisive factor had been renewed ERM turbulence and market pressure on the Danish currency which threatened to spill on to the French franc.

At the same time, economists agreed, the Bundesbank had clearly taken on board complaints from Bonn and industry that the rapidly deteriorating internal economic climate demanded action sooner rather than later, if only to bolster plummeting confidence. According to the central bank's own rule-of-thumb reckonings, the impact of interest rate changes normally take eight or nine months to filter down to front-line businesses.

Meanwhile, there was a consensus that, as Mr Schlesinger claimed, the rate reductions yesterday did not reflect any basic change in the central bank's commitment to D-Mark stability.

Western German inflation is still well above 4 per cent and is not expected to come even close to the central bank's target of 2 per cent this year. Most forecasts suggest an annual average rate of 3.5 per cent. The M3 measure of money supply growth showed a swelling still far beyond the target range in December, and the government has still not delivered its promised solidarity pact coupling wage restraints with sweeping public spending cuts.

By the Bundesbank's own rigorous standards, spelt out at length in recent months, this is simply not good enough. There are hopeful signs that wages, inflation and money supply growth are slackening – factors acknowledged by Mr Schlesinger yesterday – but, as he said, they were not the real reasons for the cuts. They were merely part of a process which had begun last September, when the discount rate was cut by 50 basis points and the Lombard by 25, and since when the bank has steadily steered down money market rates to just under 8.6 per cent.

As the Bundesbank has striven to convince its critics, it considers these rates, which are manipulated through its regular securities repurchase arrangements with banks, are the ones which really matter. Mr Schlesinger repeated yesterday that the so-called "key" Lombard and discount rates apply to only about 17 per cent of German borrowing.

The cuts yesterday were intended to retain equilibrium – the Lombard reduction to prevent money market rates moving up again and the adjustment in the discount rates, regarded as the "floor" in money market rates, to take account of the steady downward shift in "repo" rates. In the light of this, economists were disappointed that yesterday's announcement gave no indication of further possible reductions in repo rates.

Tense negotiations with the public sector unions in Germany last night showed all indications of producing a welcome result, with a wage settlement possibly even lower than the 3.5 per cent considered tolerable by the Bundesbank. Economists are also forecasting that the money supply explosion is past and that the January figures for M3 expansion could be within the new target range of 5.5 to 6.5 per cent. A stop on new defence orders underlined the government's commitment to rein in spending.

It is not in the Bundesbank's rigid nature to deliver before payment, but it has made an exception this time. For an institution which counts credibility as its most important asset, it has taken a gamble for which all those benefiting from yesterday's relaxation will have to pay if the promises are not fulfilled.

FRANCE

Smoke clears around the franc

By Alice Rawsthorn and David Buchan in Paris

THERE was almost audible relief in the government offices and banking halls of Paris yesterday. French authorities have interpreted the German interest rate as a long-awaited sign that their bruising battle to defend the franc is over and that, sooner or later, the Bank of France should be able to signal a cut in interest rates.

"This is the signal we've been waiting for," said a spokesman for Prime Minister Pierre Bérégovoy. "It's definitely a step in the right direction," commented an official at the Finance Ministry.

The rate cut's timing caught many in the government by surprise, but they seemed convinced that the Bundesbank was on course for further reductions in the cost of money. "Germany and the rest of Europe are now in the same stage of the cycle, with both inflation and economic activity weakening," said another official in the prime minister's office. Further German rate cuts might be slow in coming, but "at least the supertanker [the Bundesbank] has now changed course", said an Elysée official.

The Paris stock market, which had been sluggish throughout the morning, greeted the Bundesbank announcement with an afternoon surge. It ended the day up by 1.66 per cent at 1,854. Meanwhile, the French franc closed at 3.379 against the D-Mark yesterday, against 3.391 on the previous day.

The news of the German rate reduction came in the nick of time for France. The franc's resilience earlier this week after the devaluation of the Irish punt was hailed by French ministers as evidence that the currency was out of danger. But the battle for the franc has left France with high interest rates which are squeezing the economy in the run-up to next month's elections.

There is also the threat of a further rise in bank base rates. The commercial banks are under intense pressure given that base rates at 10 per cent have been around 2 percentage points lower than market rates – which determine the banks' borrowing costs – since early January. Société Générale estimates that this costs the French banking system an extra FFr50m a week.

The German rate cut should give French officials the ammunition they need to persuade the banks that the pain will soon be over. "It has certainly given France a breathing space," said Mr Jean-François Mercier, chief French economist at Salomon Brothers. "It should stop the banks from raising base rates; but the key question is whether it will be enough to produce a cut in official interest rates."

The reaction of the French markets yesterday suggested that there was no expectation of an immediate cut in interest rates. Short-term market rates remained steady with three-month money hovering between 11.75 and 12.25 per cent.

On the political level, the Bundesbank move eases the pressure on Paris and Bonn to find ways of bolstering Franco-German monetary co-operation. With the Maastricht treaty still awaiting UK and Danish ratification, and with its monetary underpinning, the European monetary system, under such strain, experts in both capitals had been weighing new means of restoring impetus to monetary union.

EXCHANGE RATE MECHANISM

Acute strains forced action as krone sank

By James Blitz and Peter Norman

FOREIGN exchange dealers saw the interest rate cuts as a clear signal that the German central bank would do whatever was necessary keep the European exchange rate mechanism intact.

But some said the moves could sow doubts about the credibility of the Bundesbank's commitment to control inflation at home, while driving a wedge between the remaining "core countries" in the ERM and those on the periphery such as Ireland, Spain and Portugal, which have been forced to devalue in the past three months without the help of a Bundesbank interest rate cut.

Foreign exchange analysts said this week's acute strains inside the ERM, following the weekend devaluation of the Irish punt, caused the Bundesbank to ease policy yesterday.

On Wednesday, the Danish krone fell sharply to its floor against three ERM currencies – the Irish punt, Dutch guilder and D-Mark – in a burst of speculation. Yesterday morning's 2 percentage point rise in the Danish deposit and discount rates to 11.5 per cent indicated that the krone was looking increasingly like another devaluation candidate.

A worrying feature of the selling of the krone on Wednesday afternoon was that much of it appeared to be by Danish investors. Selling by domestic investors is often seen as an indication that a currency is particularly weak.

There was growing speculation that a devaluation of the krone would result in pressure on the French franc, whose parity with the D-Mark is seen as pivotal to the ERM.

In the light of yesterday's events, some economists suggested that the French authorities might have played a crucial part in behind-the-scenes discussions leading up to the Bundesbank move. The Bank of France's decision to re-introduce its 5-to-10 day short-term borrowing facility on Tuesday was seen yesterday as indicating a prior awareness that Germany might be prepared to ease its rates to protect the ERM.

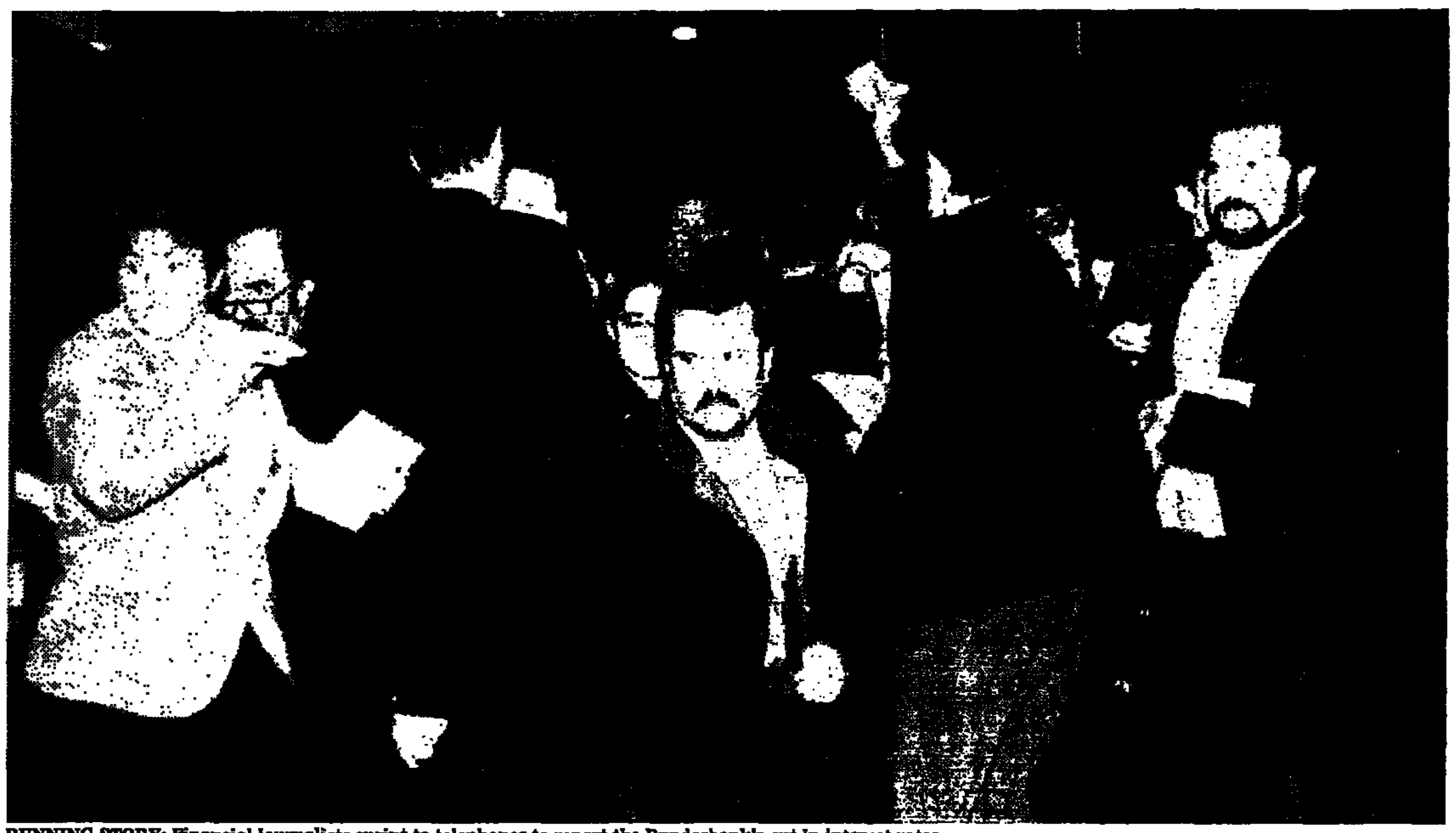
The French authorities are thought to have put pressure on the Bundesbank to ease monetary conditions, partly because high interest rates were causing problems, for French banks. US rating agencies have already cast doubt on the creditworthiness of French banks.

An unexpectedly weak performance by the Belgian franc, a currency which is closely tied to the D-Mark, was also causing alarm on Wednesday night.

In recent months, 3-month Belgian francs have traded at a premium to 3-month D-Marks on the assumption that the franc is in the hard core of European currencies.

On Wednesday, however, the cost of 3-month Belgian francs soared some 20 basis points above 3-month D-Marks. According to Mr Avinash Persaud, a currency economist at UBS Phillips & Drew in London, the Belgian currency was having to carry a premium against the possibility of the ERM collapsing.

Yesterday, both the Danish krone and Belgian franc were performing more strongly.

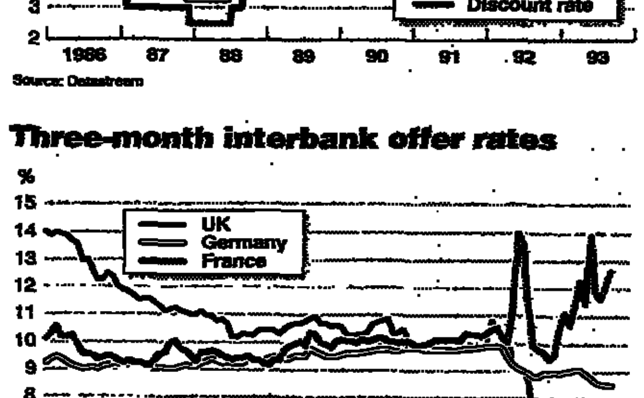


RUNNING STORY: Financial journalists sprint to telephones to report the Bundesbank's cut in interest rates

German interest rates

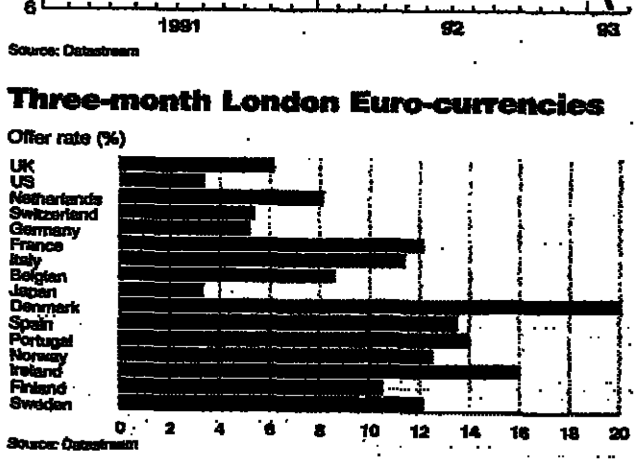
Source: Datastream

Three-month interbank offer rates



Source: Datastream

Three-month London Euro-currencies



Source: Datastream

MARKETS

Rumours avert upheaval

By Emma Tucker

ONLY a forewarning, in the shape of a Reuters news flash at 2.15pm announcing the Bundesbank news conference, prevented pandemonium on the foreign exchange markets.

As one New York-based dealer put it: "If they hadn't announced a press conference, the news would have blown us all out of the water."

As it was, dealers who had gone short of the Danish krone, in anticipation of a weekend devaluation, acted to restore their positions as soon as rumours of a German rate cut began to circulate.

"The market reacts so instantaneously now," said Mr Jeremy Hawkins, of Bank of America, in London. "The announcement of the press conference made more of an impact on currencies than the actual cuts," he said.

Forty-five minutes before the announcement, the dollar rallied as investors bought on the back of the rumour. But, once dealers took stock of the slight cuts, it slipped. "It's like it always is," said the New York dealer, "you buy on the rumour, you sell on the facts."

If anyone had their fingers burned, said traders, it was those short of pounds.

IMPACT IN GERMANY

Reserve cut bonus for banks

By David Waller in Frankfurt

THE cut in reserve requirements announced by the Bundesbank will bolster German banks' profits this year, allowing them to earn interest on DM32bn (£13.3bn) of their deposits for the first time.

The Bundesbank's move to replace the reserves with new short-term money market instruments was also seen in some quarters as a boost to Germany's underdeveloped money markets.

German banks have long complained that minimum reserves make Frankfurt uncompetitive against other European financial centres. The Bundesbank said the move was designed to increase the competitiveness of Finanzplatz Deutschland, Germany as a financial centre.

The reserves require that for every DM100 a bank takes as a deposit from a customer, it is obliged to deposit up to DM12 with the Bundesbank.

The banks are not paid interest on these holdings so the reserves act as a brake on lending, liquidity and profitability.

Some other European financial centres have these reserves but they are invariably lower. In Luxembourg, a source of strong competition to Frankfurt, there are no reserve requirements.

Belgium, Denmark and the Netherlands have no reserve requirements, while in France they are just 1 per cent on most bank deposits and in the UK they are 0.35 per cent.

The Bundesbank said it would reduce reserve requirements on time liabilities and savings deposits from an average of 4.5 per cent to 2 per cent. Other types of deposits – namely sight liabilities where reserve requirements can be as high as 12 per cent – are not affected.

Almost three quarters of deposits at German banks are affected by the measure.

The immediate impact is that banks will be able to earn interest on about DM32bn of cash for the first time. If customers do not require them to pass on some of these reduced costs of making a loan, this means an increase of several percentage points in banks' earnings this year.

The Bundesbank has arranged it so that the liquidity effects of the move will be neutralised by the introduction of new short-term investment instruments which are intended to absorb DM25bn of the cash. The net DM7bn of new liquidity is too small to have any effect on money market interest rates.

Although the Bundesbank has defended reserve requirements as an important part of its anti-inflation armoury, the fact is that they have remained unchanged since 1987. Far more important for monetary policy are the Bundesbank's operations in the money markets, which allow it to fine-tune interest rates through repurchase agreements and other instruments.

Despite the headline grabbing effect of the half point cut in the Lombard rate yesterday, what is more important for was the quarter-point cut in the discount rate, which acts as a floor to money market rates. All eyes are on Wednesday's repo auction, when rates are likely to be up to 0.25 per cent lower than the 8.57 per cent rate of earlier this week.

Surprise move brings modest relief

By Quentin Peel in Bonn

THE Bundesbank action was greeted with cautious relief in political and business circles in Germany yesterday.

The move caught most observers by surprise, because the central bank was expected to wait for solid results from Chancellor Helmut Kohl's attempts to negotiate a "solidarity pact" with trade unions, employers, the opposition Social Democrats and the 16 federal states, to settle future financing for east Germany.

Mr Theo Waigel, the finance minister, who has made little secret of his desire to see an early interest rate cut to revive the ailing German economy, said the move would provide "a positive impulse".

There was relief in the Chancellor's office, where pressure from France had been acutely felt. Mr Kohl's advisers had stressed the need to pay attention to the international as well as domestic consequences of high interest rates.

However, Mr Wolfgang Roth, of the opposition SPD, said the action was just "a faltering step in the right direction". And the German federation of industry said lasting economic stimulus could hardly be expected from such a modest step, but a bigger interest rate reduction would not have been a responsible action.

ALARM SUBSIDES IN BRUSSELS

Ailing ERM handed a new lease of life

By Lionel Barber in Brussels

THE German interest rate cuts were greeted with relief yesterday in Brussels, where senior European Community officials have been watching helplessly at the build-up of pressure on the exchange rate mechanism – the designated vehicle for European monetary union.

In the previous 24 hours, officials had grown increasingly alarmed as first the Danish krone and then the Belgian franc came under pressure in the foreign exchange markets. After the 10 per cent devaluation of the Irish punt last weekend, the speculative attacks on these "hard currencies" threatened to rip the heart out of the ERM.

The Bundesbank action yesterday marks a decisive move to salvage the system, a senior EC official said.

Further, it offers the long-awaited chance of lower interest rates across the Continent, the single most important factor in bolstering economic recovery – one day after the European Commission issued its gloomiest economic forecast for 1993 in 20 years, with growth unlikely to reach 0.8 per cent this year and 1.8 per cent in 1994, and unemployment continuing to rise.

Mr Jacques Delors, Commission president, said yesterday the Bundesbank decision offered a much-needed signal that it recognised it had a responsibility not just to the German economy but to the rest of the Community.

This message of mutual interdependence is something he has been preaching ever since coming to Brussels in 1985. Yesterday's interest rate cut underlines that the Bundesbank has nothing to gain from a "free-for-all" of competitive devaluations in which monetary stability is lost.

Just hours before Frankfurt's move, Sir Leon Brittan, EC trade commissioner, raised the possibility of a collapse of the ERM, in which case a smaller group of countries were likely to create new forms of monetary and exchange rate co-operation. This was not the preferred option, he stressed; but something would emerge from the wreckage.

Sir Leon was merely expressing publicly what has been said privately on the diplomatic circuit in Brussels since the New Year: that the unabated foreign exchange market assault on the ERM, and, crucially, on the French franc-D-Mark parity, was making it more likely that a nucleus of "hard core" currencies would move on a fast track to create some kind of monetary union ahead of schedule.

Mr Luis Angel Rojo, governor of the Bank of Spain, confirmed as much yesterday. Moves to link the more stable currencies in the ERM were under discussion, he said, but there should be a flexible interpretation of the economic "convergence" criteria for Emu to allow Spain to join as well.

But relaxing the "convergence criteria" providing tough targets on budget deficits, public debt as a proportion of GDP and inflation is precisely what the Bundesbank fears most about a single European currency. Last week, Mr Helmut Schlesinger, its president, made clear in a speech that the price of giving up the D-Mark had to be adherence to the convergence criteria.

Viewed from this perspective, it is possible to put a slightly less altruistic gloss on the Bundesbank's rate cuts. One EC official suggested that by easing the strains inside the ERM, the Bundesbank had underlined its commitment to the status quo, rather than signalling its willingness to contemplate a "fast track" approach to Emu.

The Financial Times (Europe) Ltd Published by The Financial Times (Europe) GmbH, Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1; Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Managing Director. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenburg 4. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

French PM attacks 'dead-end' UK policy

By William Dawkins in Paris

MR PIERRE Bérégovoy, the French prime minister, yesterday said Britain was heading down a dead-end, in his strongest attack yet on UK economic and monetary policies.

"I feel today that Britain is going down a dead-end path. And that is true for everything," he said, adding that UK interest rate cuts and the reduction in the value of sterling had not helped the economy to recover.

"You can see that confidence is not coming back and unemployment in Britain is rising at a pace clearly faster than elsewhere," said Mr Bérégovoy. Mr John Major, the UK prime minister, was the victim of Mrs Margaret Thatcher's ultra-liberal policies, he claimed.

Mr Bérégovoy's outburst will increase the tension in Franco-British relations, placed under fresh strain recently over the controversial decision by Hoover, the US appliance maker, to close a plant near Dijon and shift production to Scotland.

"You can see where unfettered liberalism gets you. The Scottish workers, a pistol loaded with job cuts at their heads, have agreed to give up employment rights, the right to strike, and accepted a blow to their pension funds and wage cuts," said Mr Bérégovoy.

His remarks also reflect suspicion in some French government circles that US and UK pressure was an element in the recent speculative attacks against the franc, though this could ease following the Bundesbank's interest rate cut, announced after Mr Bérégovoy's statements yesterday.

He called for a meeting of finance ministers of the Group of Seven industrialised nations as soon as possible, to discuss a world growth initiative. "It is European co-operation and international co-operation which can conjure up stronger growth in the months to come," he said.

The EC should react strongly to recent US trade measures against European products, including proposed anti-dumping duties against imported steel, said Mr Bérégovoy.

A man dressed as a British policeman guards the costliest car in the world, the Jaguar XJ220 at Fl 1.8m (£674,000) a time, at an international motor show in Amsterdam. The limited-edition sports car is already sold out.

Greece softens stance on Macedonia

GREECE has adopted a new position on recognising the former Yugoslav republic of Macedonia, saying the issue of its name should be resolved through international arbitration and Athens would abide by any decision, Reuter reports from Athens.

Athens had maintained it would never recognise the former Yugoslav republic under the name Macedonia, arguing it implied territorial threats against Greece's own Macedonian region.

It blocked the republic's recognition by the European Community.

Mr Vassilis Maginas, government spokesman, describing it as "a new position of the government", confirmed statements to Bulgarian television on Wednesday by Mr Constantine Mitsotakis, the Greek prime minister, who said Athens was willing to accept any decision taken through international arbitration.

The idea of arbitration between Greece and Macedonia was first suggested by France in January. Athens then said it was willing to discuss the proposal but Macedonia turned it down.

Meanwhile, Mr Branko Crvenkovski, Macedonian prime minister, said that United Nations sanctions against the rump Yugoslavia and the dispute with Greece are raising tensions and threatening the economy of his country.

"The block by Greece and by the United Nations against Serbia and Montenegro has cost Macedonia $1.5bn," Mr Crvenkovski said during a visit to Rome yesterday.

Delors attacks UK in row over Hoover 'job-poaching'

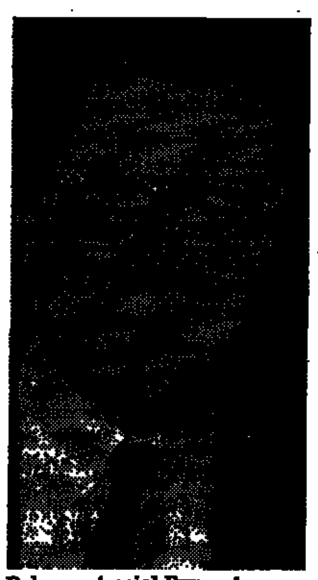
By David Gardner in Brussels and David Goodhart, Labour Editor

MR JACQUES Delors, European Commission president, attacked Britain yesterday for "job-poaching", vowing to get Brussels plans for mandatory European works councils back on the EC agenda.

After meeting shop stewards from Hoover's Dijon and Cambuslang plants in an attempt to solve the controversy over Hoover's relocation of jobs from Burgundy to Scotland, he said the Commission was powerless to act.

"There is no infraction on competition grounds, it is a case of differences in labour costs." The row over whether the UK was downgrading workers' rights and benefits to secure investment might have been avoided if the works council directive was law.

The directive would oblige companies employing over 1,000 people in more than one member state to consult workers' representatives on issues such as job cuts, new work practices and technology. It has been blocked in the Council of Ministers (of the 12) for over two years by UK opposition. But the Danish government, present holder of the EC presidency, says a directive on works councils is one of its main priorities.



Delors: a 'social Europe'

Mr Delors said he would ask the Council to set a new date for re-examining the plan, which has strong backing in France and Germany, and the formal support of all Britain's partners. A works council "would not necessarily have affected the outcome" had one been in place at Hoover.

Such works councils would not necessarily resolve conflicts of interests between workers over the transfer of jobs, according to union officials in Brussels and London, but it would make it harder for multinationals to play off workers in one country against those in another, as the unions claim has happened in the Hoover case.

Mr Delors was addressing a European Socialist conference on ways to create jobs and growth. A "social Europe. . . means at the very least implementing the Social Charter," which all member states except the UK have signed, he said.

Separately, Mr Karel van Miert, the Belgian socialist heading EC competition policy, said social policy had to be factored into the barrier-free single market to ensure a "level playing-field". The UK, by opting out of the Social Charter and the beefed-up "social protocol" to the Maastricht treaty endorsed by its partners, was now "playing football with its hands as well as its feet".

Despite the tension between British and French unions over Hoover, co-operation is increasing between European unions. The UK's GMB union and GPMU, the print union, signed co-operation pacts this week with their respective German partners, IG Chemie and IG Medien.

US rejects imposition of Bosnia plan

By Robert Mauthner in New York

THE US will support the plan for a Bosnian peace settlement proposed by international mediators Mr Cyrus Vance and Lord David Owen, if it is accepted by all the warring parties. But it will reject any attempt to impose it on the Bosnian Moslems if they continue to reject it, the White House said yesterday.

However, White House spokeswoman Dee Dee Myers said President Bill Clinton would put forward proposals aimed at making an agreement more acceptable to Moslems.

The Clinton administration has not yet clarified its policy on Bosnia and there are evidently considerable differences of opinion between the president's advisers on how to handle the problem. However, the prevailing view in Washington appears to be that the Moslems are getting a bad deal.

Most US officials appear to be convinced that the Moslems will never agree to a map dividing Bosnia into 10 semi-autonomous provinces because they consider that these endorse at least some of the effects of the Serbs' policy of so-called ethnic cleansing. That map has, so far, been endorsed only by the Bosnian Croats.

Mr Vance and Lord Owen continue to deny vigorously that the Moslems come off second best in their plan. Though they admit that it is impossible to return to the pre-conflict situation, they emphasise that the Serbs will have to give up as much as 39 per cent of the territory they occupy.

They also stress that they have gone out of their way to meet Moslem demands that Bosnia should continue to have a central government, responsible for foreign affairs and able to veto any move by the Serb provinces to join up with a greater Serbia.

The mediators further point out that their peace plan already has the support of all the permanent members of the United Nations Security Council, including Russia and China and the European Community. However, they would be very happy to endorse any alternative proposals from the US which were acceptable to all the warring parties and the Security Council.

Reuter adds from Zagreb: The Croatian government and rebel Serbs agreed to talks at the UN in New York to stop renewed fighting in Croatia's Serb-held Krajina region, Mr Cedric Thornberry, deputy chief of the UN's military peacekeeping mission in former Yugoslavia, said.

● Greece said yesterday it would accept international arbitration on the name and recognition of Macedonia, the former Yugoslav republic.

Citroën to axe 1,600 jobs

By William Dawkins in Paris

CITROEN is to lose more than 1,600 jobs this year, 5 per cent of its national workforce, as part of its campaign to reduce capacity in line with falling demand and to lift productivity *closer to that of Japanese* competitors.

This is the third round of job losses in the French car industry in recent months, following state-owned Renault's announcement that it is to shed 2,249 workers, and 2,597 job losses at Peugeot, part of the same group as Citroën.

It comes at a politically sensitive time, when the government is trying to curb industrial job losses, as shown by the outcry over the closure of a Hoover plant near Dijon.

Citroën has prepared alternative work plans for those losing their jobs, in line with a recent law obliging *companies to produce plans for* alternative employment for surplus workers.

Unusually, most of the Citroën job losses will be among engineers, technicians, and executives, rather than factory floor workers as in the past.

Among the options to be offered are early retirement, phased retirement, other jobs in or out of the company, training and job creation incentives, part time working and a subsidised return home for immigrant workers. "We aim to avoid redundancies if possible," said an official.

Citroën's comprehensive efforts to soften the blow *contrast with previous job* losses in the Peugeot group, the terms of which which have caused conflict between the chairman, Mr Jacques Calvet, and Mrs Martine Aubry, the labour minister and backer of the tough new job rules.

Outline plans were presented yesterday to Citroën unions, who immediately published them for discussion at a works council on February 12.

Van Miert warns energy utilities

By Andrew Hill in Brussels

MR Karel van Miert, EC competition commissioner, has warned European governments and energy utilities that they should end monopolies on intra-EC imports and exports of gas and electricity.

He told a Brussels conference on Wednesday evening that he was in favour of security of energy supply – one argument put forward by energy utilities resisting liberalisation – but attempting to define security of supply in purely national terms was "out of date".

His comments echoed those of his predecessor, Sir Leon Brittan, now trade commissioner, but Mr Van Miert's tone was much less confrontational. For example, Mr Van Miert did not threaten to use special Commission powers to attack national monopolies. Draft EC legislation to allow consumers to buy electricity and gas from any Community supplier is stalled at ministerial level because of some national governments' opposition.

The conference – inspired by French utilities in the fields of water, energy, telecommunications, road, rail and postal services – yesterday launched a European charter aimed at promoting the benefits of the French model of public utilities.

Mr Jacques Delors, president of the European Commission, yesterday welcomed the initiative as the beginning of a new era for public service companies. He said utilities had suffered a series of unjustified "frontal attacks" in recent years based on "dogmatic and ideological" objections. French public monopolies believe the appointment of Mr Van Miert, a Belgian socialist, as competition commissioner will ease the ideological pressure. During the conference, Mr Jean-Louis Bianco, the French minister of housing, transport and infrastructure, said he hoped Mr Van Miert would "introduce a somewhat different spirit" to competition policy.

Mr Van Miert said he did not consider that the application of competition policy alone would automatically make things better, and he repeated his view that other elements – for example, social and environment policy – should be taken into account. He said that if the Community had used competition policy as the only criterion for managing the ailing steel sector, "there wouldn't be much [of it] left".

But he warned the audience of utility managers, including chairmen of the main French groups: "If you think I'm a sort of anti-Sir Leon, forget it."

Denmark sets date for Euro-vote

By Hilary Barnes in Copenhagen

DENMARK will hold its second referendum on the Maastricht treaty on Tuesday May 18, and will include a vote on the opt-out agreement negotiated by Denmark and its European partners at the EC summit in Edinburgh in December.

Recent opinion polls have indicated a comfortable majority for the treaty, which was narrowly rejected by Danes last June. The most recent opinion poll, on January 27, showed a majority of 53:31 per cent in favour, with the rest undecided. However, a couple of setbacks have hit pro-Maastricht forces this week.

For one thing, the Socialist People's party (SPP) has split over the national compromise behind the Edinburgh deal, with three of the SPP's parliamentary group now rejecting the agreement, claiming that party opinion is against the leaders' decision to support the deal.

The other setback came when one of the country's largest trade unions, representing public-sector office workers, defied its leaders and recommended a No vote. The Edinburgh deal gave Denmark permanent and binding opt-outs on four aspects of the Maastricht treaty.

Bentsen predicts reduced trade surplus with US

Tokyo welcomes discount rate cut

By Charles Leadbeater and Emiko Terazono in Tokyo

JAPAN'S business and political leaders yesterday gave a resounding welcome to the Bank of Japan's 0.75-point cut in the official discount rate, to 2.5 per cent, as an important step towards reviving the economy.

The domestic welcome was amplified by Mr Lloyd Bentsen, US treasury secretary, who said the cut would be instrumental in whittling down Japan's trade surplus with the US. He said the cut would revive Japanese demand and "help shrink Japan's very large external surplus, as well as strengthening world economic growth".

The Bank of Japan decided on the cut, the sixth consecutive cut since 1991, when the discount rate stood at 6 per cent, at an emergency meeting of its policy board yesterday morning.

Mr Yasushi Mieno, bank governor, said the cut was justified because the adjustment of the economy after the collapse of the speculative bubble economy of the late-1980s had been much more severe than expected.

He said other factors in the bank's decision included stable wholesale and consumer prices, the rising trade surplus and the recent sharp contraction in the money supply. The cut should help to stimulate bank lending and thus rekindle growth in the money supply.

The bank had agreed on the cut only after intense pressure from its masters in the ruling Liberal Democratic party.

Business leaders praised the long-awaited cut but immediately stressed that it needed to be followed by income tax cuts to stimulate depressed personal consumption. Mr Soichiro Toyoda, chairman of the car-maker, Toyota Motor, said an income tax cut should be introduced as soon as possible to lure consumers to resume spending.

Mr Koehi Abe, of Chubu Electric Power, said the cut would have a limited impact unless there were further stimulative measures such as increased public works spending. Mr Takeshi Nagano, president of the Japan Federation of Employers' Associations, called on the government to take every measure it could to revive the economy if it sank further next month.

Mr Yoshiro Hayashi, finance minister, said the priority was to pass the 1993 budget, which would increase overall spending by about 7 per cent. He said an income tax cut would not stimulate the economy. The ministry favours higher spending on public works.

However, a task force set up by the LDP is expected to recommend soon an emergency fiscal package of about Y4,000bn (£21bn), including an income tax cut.

Government ministers called on the commercial banks to pass on the official discount rate cut to lenders by lowering their short-term prime rates. It is thought the banks will consider a cut as early as next week.

The long-heralded cut left the Tokyo equity and foreign exchange markets unmoved. The Nikkei stock average, which closed 35 points up on Wednesday, lost 31 points to 17,190 yesterday.

The yen was almost unchanged, falling Y0.27 to Y124.6 against the US dollar in Tokyo.

Call for public funds to aid stocks

By Robert Thomson in Tokyo

JAPAN'S ruling Liberal Democratic party yesterday called for more public funds to be used to support stock prices, reflecting widespread concern that the Tokyo market will fall sharply before the close of the fiscal year next month.

An LDP committee responsible for economic policy complained yesterday that only Y1,000bn (£5.3bn) of a maximum of Y2,820bn in public funds made available last year has flowed into the stock market, and requested an urgent injection of fresh funds.

Under an emergency economic package announced last August, managers of postal and other public funds were given more freedom to invest in stocks, up to the Y2,820bn level, but some managers are believed to have chosen other, safer investments.

The Ministry of Finance has also attempted to prop up the Tokyo market by urging banks and other financial institutions not to sell stocks before the close of the fiscal year. In the final weeks of a fiscal year, Japanese institutions generally sell stocks to realise profits and bolster their accounts.

Members of the LDP committee plan to visit the Ministry of Posts and Telecommunications and the Ministry of Health and Welfare, which control most of the public funds, and request that the investments be made as soon as possible.

However, the two ministries have received many complaints from depositors and pension fund members, who are concerned that their money is being used in a risky share support exercise. The ministries argue that the funds will play a limited role in reviving the market, which will recover only when there is genuine investor demand for stocks.

"People get the wrong idea about the sort of influence we have. If we invest money at the right moment, we can have a limited impact on stock prices, but we can't support the market indefinitely," the Postal Ministry said.

But LDP officials will insist that the two ministries invest the full Y2,820bn in shares by April, and they would like further public funds to be set aside to ensure the longer-term health of the market.

The LDP, under pressure from the financial industry, has also begun studying a plan to use public funds to assist the banking industry. There is concern in the party that the banks' own Co-operative Credit Purchasing Company will be unable to cope with the pile of non-performing property loans.

Busy trade on the floor of the Tokyo Stock Exchange yesterday morning after the cut in Japan's official discount rate

Japanese lose ground in drugs market

By Paul Abrahams

EUROPEAN and US drugs groups are threatening to dominate the world's market, leaving their Japanese counterparts trailing, according to a study* by Datamonitor, the London-based strategy consultants.

In particular, the European groups' dominance will be driven by their innovative research and development, new products and international marketing strength.

Only three Japanese companies, Takeda, Sankyo and Shionogi, are among the world's top 25 drugs groups, and none is in the top 10. Japan ran a trade deficit of more than £800m in 1989.

Repeated price cuts implemented by the Ministry of Health and Welfare have seriously handicapped the Japanese industry.

Japanese groups have been hit disproportionately because of their dependence on the domestic market. Takeda, the largest Japanese group, generates 98.6 per cent of its turnover in Japan.

Japanese spending on research and development has doubled in the past 10 years, though sales increased only 50 per cent. The Datamonitor report warns, however, that the Japanese R&D push may come too late, because of increasing penetration of the Japanese market by western drugs groups. This, it argues, is likely to accelerate a consolidation of the Japanese industry.

**The Japanese pharmaceutical market 1992-1995, Datamonitor, 106 Baker Street, London W1M 1LA, 071 625 85 48. £695.*

Yeltsin accuses central bank of adventurism

By Leyla Boulton in Moscow

RUSSIAN President Boris Yeltsin yesterday assailed his central bank chairman and economics minister, accusing them of pursuing reckless policies. Mr Boris Fyodorov, the deputy prime minister and new financial overlord, joined the attack with a warning that the country was "at the gates of hyperinflation".

Mr Fyodorov is planning a public showdown if he fails to obtain the agreement of Mr Viktor Gerashchenko, the central bank chairman, on a tough stabilisation policy to stave off hyperinflation. Accusing his predecessor, Mr Yegor Gaidar, of not having a financial policy, he is also trying to get the government to focus on reining in spending and restructuring the economy.

In an apparent show of support for his deputy prime minister, Mr Yeltsin accused the central bank of "a most crude mistake, adventurism" in issuing Rbs3 trillion in cheap credit to state-owned enterprises.

"The consequences of this financial injection will be felt through the currency year," he was quoted as saying.

The Belarus parliament ratified the Start I treaty yesterday, leaving Ukraine the only former Soviet republic still considering the pact, AP reports from Minsk.

The Strategic Arms Reduction Treaty and its protocols require Belarus to surrender all 81 SS-25 single-warhead missiles it inherited from the former Soviet nuclear arsenal.

The parliaments of Russia and Kazakhstan ratified Start I last year. The treaty was signed in 1991 by former US and Soviet Presidents George Bush and Mikhail Gorbachev.

If ratified by Ukraine, the treaty would leave Russia as the only one of the four with nuclear weapons. It also would make deep cuts in the nuclear arsenals of the US and Russia.

After a stormy cabinet meeting at which Mr Yeltsin accused Mr Andrei Nechayev, the economics minister, of doing nothing about industrial restructuring, the minister promised the government would now take tough action on all fronts.

"We understand the situation better. The lessons [of the past year] have not been lost on us," Mr Nechayev said, stating that many of the Gaidar government's radical policies had only been "words" or had been buried by subsequent compromises. He also said people now "understood that inflation can be really dangerous. It's like radiation, its's not immediately visible but extremely destructive".

With inflation at 30 per cent in January (compared to the 50 per cent monthly benchmark for hyperinflation), he said the government also had to "restrain itself" and take the blame for at least Rbs1 trillion in credits issued to agriculture.

Pending implementation of a bankruptcy law, the government would also publish embarrassing studies of "potentially bankrupt" enterprises as a warning to others. He said that the most spheres most vulnerable to closure or reorganisation were the coal industry, agriculture, and machine-building, which he described as "uncompetitive".

To increase government revenues and preserve the country's economic integrity, he said the government would be reviewing special tax and other benefits given to individual regions and enterprises.

Poland set for showdown on size of budget deficit

By Christopher Bobinski in Warsaw

POLAND'S coalition government faces an important test of its budget policies as parliament continues to press for a larger deficit than the International Monetary Fund is willing to accept as the basis for a $660m (£437m) stand-by loan.

The government of Ms Hanna Suchocka is attempting to hold this year's deficit to 81,000bn zloty (£3.3bn) or 5 per cent of GDP, a vital step towards Poland being able to settle its financial affairs with western partners.

Western commercial banks will not sign a restructuring agreement on $12.3bn-worth of debt unless the IMF agreement is in place. A further 20 per cent reduction of western government debt worth $30.6bn is also predicated on agreement with Washington.

The World Bank has said it will not free a $450m loan designed to help restructure domestic and bank and company debts until the IMF deal is agreed. Western governments are also waiting for the IMF before freeing their shares of an unspent $1bn fund set up in 1989 to support Poland's currency.

On Wednesday the government lost another pensions vote in parliament, thus raising spending this year by an extra 20,000bn zloty to 30,000bn zloty. This, taken together with other votes in the past few weeks, threatens to push this year's deficit past 120,000bn zloty.

The government now plans to stake all on a final vote on February 12 in which it will ask the 460-strong Sejm, parliament's more important chamber, to shelve its previous decisions and approve the budget with its original 5 per cent of GDP deficit figure.

It appears unlikely the government would resign if it failed to win the vote although it would then certainly have to return to the IMF and revise a letter of intent delivered at the end of last year.

Algeria loses some credibility with departure of key minister

By Francis Ghilès

THE resignation of Algeria's foreign minister, Mr Lakhdar Brahimi, is a considerable blow to the international reputation of the government of Prime Minister Belaïd Abdessalam.

Mr Brahimi is one of the Arab world's most respected diplomats. In 1989 he brokered the Taif agreement that brought a measure of peace to Lebanon.

His departure late on Wednesday underlines the prime minister's desire for unchallenged authority and his unwillingness to allow even a long-standing political friend any great authority over his own department.

The daily Algerian newspaper El Watan said yesterday that the cabinet reshuffle which followed Mr Brahimi's resignation suggests Mr Abdessalam has no intention of negotiating with other political forces.

Three weeks ago, the acting head of state, Mr Ali Kafi, said his five-man interim presidency – which took over from President Chadli Bendjedid 13 months ago – would seek the people's endorsement for a transitional arrangement before a final agreement on a new constitution. The embattled prime minister faces two challenges. A year after declaring war on Islamic fundamentalists groups, the security forces are still mired in bloody clashes with the radicals.

The second challenge is economic. The budget deficit is set to double this year to dinars 168.3bn (£5.2bn), equivalent to some 40 per cent of budget receipts, a figure which will make it more difficult to seal an agreement with the International Monetary Fund. Spending on defence and security is set to increase by 50 per cent, while dinars 83.5bn will be allocated to the recapitalisation of loss-making state companies.

Chinese steelmaker to cut 80,000 jobs

By Bob Jones

WUHAN Iron & Steel, the fourth largest steelmaker in China, is to cut its workforce by two-thirds in an effort to achieve western standards of efficiency, Xinhua news agency reported yesterday.

However, none of the 80,000 workers affected will find themselves out of a job. Wuhan's decision appeared to conform with the stated aim of the country's paramount leader, Deng Xiaoping, of breaking the "iron rice bowl", which guarantees workers' basic necessities from cradle to grave. Last year, the plant, China's main producer of tinplate for can making, produced just under 5m tonnes of crude steel with a workforce of 120,000. By contrast, British Steel employed about 40,000 to produce 12.1m tonnes.

In cutting the number of workers and transferring them to ancillary companies, Wuhan is treading a path already well worn in the west. British Steel had to reduce its workforce radically in the 1980s. Italy's Ilva, which has just hired a Japanese managing director, is following the same route.

In Japan, where employees are used to having a job for life, steelmakers have had to diversify to maintain employment as well as profits growth.

However, these companies have been faced by stagnant or declining markets for their output. China is one of the very few places where steel demand is booming.

Imports are up steeply and, according to Mr Hafidzah Hassan, an analyst at Asian Capital Partners in Singapore, the supply-demand gap will rise to 12 per cent this year.

Wuhan has not had the same high levels of investment as some of its large rivals in China. The country's steel showpiece, Baoshan, in Shanghai, made 6.5m tonnes of crude steel in 1992, up from 4.7m the previous year. Shougang, in Beijing, saw production rise to 5.7m from 4.9m. Wuhan's production rose by just 380,000 tonnes. But, as a producer of sheet steels, Wuhan remains a key player in the development of the Chinese steel industry. Last year, it announced plans to invest in a tinplate facility in the Pearl River delta near Hong Kong, adding to the huge growth of investments in China's coastal regions.

China produced 80m tonnes of crude steel in 1992, 9m tonnes more than in the previous year and the biggest increase in the world. China wants to produce 100m tonnes by 2000, according to estimates from the ministry of metallurgical industry. Production could rise to 110-120m by 2010 – which would almost certainly make China the world's biggest producer.

Other Chinese steelworks are also planning investments to meet this growth. Baoshan, which is set this year to become the holding company for all the steelmaking facilities in Shanghai, is looking for investment at home and overseas for a greenfield steel plant in Guangdong province. The plant is set to produce eventually 10m tonnes a year. Baoshan also wants to build a 3m-tonne plant in Zhejiang province, using the latest thin strip casting technology which looks set to slash globally the costs of sheet steel manufacture.

Shougang intends to build a 10m-tonnes-a-year steel plant in Shandong province. In an effort to meet the raw material requirements for this expansion, Shougang bought a Peruvian iron ore mine last year and, last month, started dismantling a disused melt shop in California for shipment to Shandong.

As steelmaking in China is hugely profitable, Wuhan's move to cut costs is not necessitated by immediate fears of losing money. Rather, it is aimed to create a leaner, more flexible organisation to help pay for investments and prepare for the inevitable downside in this cyclical industry.

Bob Jones is deputy editor of Metal Bulletin

Talks on forcing Mobutu out

ZAIRE'S three main donor states, the US, Belgium and France, yesterday discussed options for forcing Zairean President Mobutu Sese Seko to end his 27-year monopoly on government and transfer "all powers" to his rival, Prime Minister Etienne Tshisekedi, agencies report from Brussels.

Mr Herman Cohen, US assistant secretary of state, and his French and Belgian counterparts, Mr Jean de la Sablière and Mr Wilfried Jaenen, met for more than five hours.

They ended their meeting without comment, but diplomats said they discussed several possibilities, including the freezing of Mr Mobutu's assets in foreign countries, the expulsion of his ambassadors and fewer visas for his officials.

Diplomats said the three countries would co-ordinate action toward Zaire during a mid-February meeting of the International Monetary Fund in Washington. "The noose around Mobutu's neck is tightening," said one diplomat, "and the three countries want to make sure this time that Mobutu realises it."

The three countries said on Wednesday that the recent bloody riots and reprisals in the capital, Kinshasa, which resulted in hundreds of deaths and many westerners fleeing the country, was due to Mr Mobutu's refusal to co-operate with Mr Tshisekedi's transitional government or to yield any authority.

Keating braces himself against chilly wind from the west

State election is crucial to the future of Australia's Labor government, writes **Kevin Brown** in Perth

MR Paul Keating, Australia's Labor Prime Minister, will have his eyes fixed firmly in a westerly direction on Saturday as the results come in from a state election which could make or break his government.

The state of Western Australia (WA) is critical to the federal government, which will need to hold most of its six marginal seats in the state to be re-elected. So far, however, the signs are not encouraging.

Officially, Mr Keating played no part in the WA state government's decision to go to the polls three months before its mandate expires. But no-one doubts that Dr Carmen Lawrence, the state's Labor premier, called an early poll partly to help clear the decks for a federal election expected on April 3.

Labor's strategy is to give WA voters a chance to vent their anger against the party in the state election, in the hope that the faithful will return to the fold in the federal poll.

Dr Lawrence, who in 1990 became Australia's first female state premier, has tried to focus voters' attention on traditional Labor issues such as education, health and social justice. But she has found it impossible to distance herself or her party from the so-called WA Inc scandal, which has fascinated Western Australians for the last five years.

A government-appointed royal commission reported late last year that the normal processes of democratic government had virtually broken down under Mr Brian Burke, who took the WA Labor party to power in the state in 1983, and his successor, Mr Peter Dowding.

Their intention was to build a partnership with local business to encourage economic growth and provide finance for ambitious social programmes.

The reality, the commission found, was a network of slush funds, backdoor deals kept hidden from parliament, and "the secret purchase of political influence".

Satchels stuffed with cash were kept in ministers' offices, political cronies were appointed to highly paid public service jobs, and the commission also found evidence of bribery.

The roller coaster crashed in 1990 when a desperate state cabinet replaced Mr Dowding with Dr Lawrence, one of the few state Labor leaders not implicated in the scandal.

Several local businessmen have since been convicted of offences related to the scandal, and both Mr Burke and Mr Dowding face criminal charges. Mr Burke's trial is scheduled to begin two days after the election.

Surprisingly, Dr Lawrence was given a breathing space by the state's conservative opposition parties, which bickered their way to defeat in the last two elections.

However, the Liberal Party and the National Party agreed in November to unite under the leadership of Mr Richard Court, the recently elected Liberal leader and son of a former Liberal premier.

Mr Court is no keener to discuss the details of WA Inc than Dr Lawrence, mainly because another former Liberal premier is alleged to have accepted A$25,000 (£11,160) to help Alan Bond's Bond Corporation win planning permission for a hotel project.

Keating: make or break

Lawrence: breathing space

But he has successfully limited the damage to the conservative coalition by concentrating on promises to clean up the public service and restore probity to government.

"The royal commission showed that Labor had acted illegally and improperly," he says. "They were always prone to put their own political interests ahead of the interests of the people of WA, and Labor voters feel betrayed by that."

Unfortunately for Dr Lawrence, the only other significant issue in the election is the state economy, which grew significantly faster than the rest of Australia in the 1980s, but has slowed in the last two years.

Labor is forecasting growth of 4 per cent this year, but the positive message is being ignored by voters who are more concerned about unemployment, currently at 11.1 per cent.

The state government's growing desperation was underlined on Monday, when Dr Lawrence suddenly agreed to a televised debate with Mr Court.

The debate provided little new information, but Mr Court was clearly the winner because the premier was unable to dent his air of assurance.

Opinion polls give the conservatives a state-wide lead of up to 11 points, which would be sufficient for a landslide victory if translated into votes on Saturday.

However, even a uniform swing of 1 per cent would be enough to give the conservatives the two seats they require to form a government, while a comparatively modest swing of 4 per cent would cost Labor 12 seats.

The result is that Western Australia is almost certain to become the third Labor domino to fall in the last year, following Tasmania and Victoria into the conservative camp.

The best Mr Keating can hope for is a narrow conservative victory, followed by a return to the fold by Labor voters in the federal election. But precedent suggests that even this scenario is optimistic.

Clinton seeks further defence cuts

By George Graham in Washington

THE CLINTON administration is looking for further cuts in US defence spending, despite warnings that it may prove difficult even to achieve the savings already projected by the Bush administration.

Defence Department officials have been asked to find savings of about $10bn from the $280.5bn national defence budget for the 1994 fiscal year, submitted by President George Bush shortly before he left office last month.

Press reports said the army, navy and air force would each be asked for $2.5bn-$3bn in savings on the Bush budget which, although $6bn higher than last year's defence budget, represented a drop in inflation-adjusted terms.

These cuts are expected to require reductions in troops beyond the levels planned by Mr Bush.

Additional savings were expected from the strategic defence initiative, which the administration is expected to strip of the ambitious, space-based components favoured by the Bush and Reagan administrations and trim to a more limited, ground-based defensive system against missile attacks.

President Bill Clinton has promised to cut $60bn from the defence budget over five years, but Mr Les Aspin, defence secretary, has warned that the Bush budget baselines already assume substantial savings that may be difficult to achieve and include plans for big weapons systems that have not had adequate funds allocated to them over the long term.

Mr Aspin is also expected to add funds for some programmes in his budget, especially in the field of helping defence industries convert to civil operations.

Senator Sam Nunn, chairman of the Senate armed services committee, has sounded even more ominous, cautioning that the department may have overstated the savings from a review of its management practices by as much as $50bn, and that the Bush plans for a 450-ship navy are unworkable on the money currently budgeted.

Congressman John Murtha, chairman of the House subcommittee that approves the details of the defence budget, has also warned that defence savings may prove hard to find unless the US scales down overseas operations such as its present involvement in Somalia.

The defence secretary has said, however, that the new administration remains committed to finding the $60bn cuts Mr Clinton promised over a five-year period, even if most of the reductions materialise later in that period.

Mr Clinton is expected to submit his budget to Congress by March 23.

President Clinton in cabinet with (from left) Robert Rubin of the National Economic Council, Treasury Secretary Lloyd Bentsen and Commerce Secretary Ron Brown. In the foreground are Vice-President Albert Gore and Labour Secretary Robert Reich.

EC-Japan meeting to discuss trade gap

By Michiyo Nakamoto in Tokyo

THE EC Commission and Japan will hold their first meeting of trade experts in Tokyo this month, in an attempt to ease friction over Japan's growing trade surplus with the EC.

The meeting, set for February 23, will look at why Japan's trade surplus with the EC is widening. After a second meeting, the results will be reported to Japan-EC sub-cabinet level talks scheduled for April.

The decision to hold the talks comes amid growing EC concern over its deteriorating trade balance with Japan.

At a meeting of European businessmen on Tuesday, Sir Leon Brittan, EC Commissioner for external economic affairs, made clear his concern. He urged Japan to make more effort to remove structural barriers to trade and create an environment in which European companies could compete on equal terms with their Japanese competitors.

Japan's trade surplus with Europe increased 14 per cent to a record $31.18bn (£20.6bn), according to Japanese government estimates last month.

The Ministry of International Trade and Industry said Japan was increasing efforts to stimulate imports from the EC and expected to see a gradual improvement. It said Japan was working to correct the imbalance by, for example, extending for another two years a special tax break for companies which increase imports to Japan.

Japan's official view is that trade imbalances require macroeconomic measures rather than short-term adjustments.

The EC imported $62.5bn of goods from Japan but exported only $31.3bn to that country. The value of cars imported from Japan to the EC last year, up to November, increased 9.7 per cent to $13.6bn, while the value of EC-made cars imported into Japan fell 11.3 per cent to $4.7bn.

Delors calls for industrial leadership

By David Gardner in Brussels

MR JACQUES DELORS, president of the European Commission, yesterday made an impassioned plea for vigorous leadership to relaunch world economic growth, combined with a warning that, if the EC could not co-ordinate policy with the Americans, it would have to stand up to them.

His remarks follow his call on Monday for a spring summit of the Group of Seven industrialised countries to co-ordinate macroeconomic policy, and come amid worsening relations with the US after Washington's imposition of anti-dumping duties on European steel and threat to block EC bids for US public procurement contracts.

"Over the last couple of years, there has been a total lack of world leadership – a drop in co-operation between the G7, a drop in co-operation between the [EC] member states," Mr Delors told a European socialist conference on jobs and growth.

The result was punishing interest rates, mayhem on the currency markets, and no macroeconomic co-ordination. "The speculators are virtually running things," he said indignantly.

But he denounced the unilateral US imposition of trade sanctions on the EC. He referred angrily to what he called President Bill Clinton's "need to preen in front of the mirror to make sure that his muscles are still firm", and said that, if Europe allowed itself to be trampled on by Washington's trade policy, "I disavow that Europe".

Mr Delors told the conference that "classic models of growth are not sufficient to produce jobs", and that "the Community cannot survive without an industrial policy". This was not a case of "backing so-called Euro-champions," he said.

In his wide-ranging, unscripted remarks, Mr Delors said the EC should also reappraise whether it could let itself be undercut by competitors with sweat-shop labour conditions. "We should distinguish... between those [countries] which share the fruits of their trade and those which simply exploit their workers."

Behind this remark, senior EC officials are watching with intense interest to see whether the Clinton administration insists that Mexico reach agreements with the US and Canada on environmental standards and working conditions, as part of the North American Free Trade Area treaty.

Baseball team owner suspended for racism

By George Graham in Washington

CRITICS OF the US baseball industry have welcomed the decision of the major league's executive council to suspend Mrs Marge Schott, owner of the Cincinnati Reds team, for repeated derogatory remarks about blacks and Jews.

The critics warned, however, that they want more progress towards ending the sport's virtual exclusion of blacks from senior management positions.

Mrs Schott, the only woman owner of a major league baseball team, is known for an eccentric management style that has alienated many of her employees and a large dog that has left his mark on the Reds' playing field.

She will be fined $25,000 and suspended from running the club for a year, although she may apply for reinstatement after nine months if she undertakes racial sensitivity training.

Mr Kweisi Mfume, chairman of the US Congress Black Caucus, said: "The real issue is ending the system of major league apartheid that for too long has been part of our national athletic make-up."

Mr Jesse Jackson, the Washington politician who has led the campaign to open up management positions on professional sports teams to blacks and other minorities, warned that baseball could still face a boycott next season if it does not improve its hiring practices.

Professional sports as a whole have come under increasing attack, because although many of the players – most in the cases of basketball and American football – are black, all but a handful of managers and coaches are white.

Baseball teams have, by some measures, made better progress than their basketball and football counterparts at improving their minority hiring records, although the two major leagues themselves still lag, with only two black umpires.

But the $1.65bn (£1.09bn) a year baseball industry faces a deep financial crisis, with player salaries doubling in the last two years while attendance and television viewing figures have dipped.

And now it has trouble claiming the title of America's national game in the face of basketball's growing popularity.

Christopher plans to visit Middle East

MR Warren Christopher, US secretary of state, is to visit the Middle East in the middle of this month, Reuter reports from Washington. Mr George Stephanopoulos, White House spokesman, did not say which countries Mr Christopher would visit, but said they would be "parties to negotiations" for a Middle East peace.

An Israeli Foreign Ministry official said Mr Christopher had indicated yesterday to Mr Shimon Peres, Israeli foreign minister, that the Middle East peace talks might resume in mid-April. Resumption of the talks has been delayed by Arab anger over Israel's expulsion of more than 400 Palestinians.

"With violence engulfing so much of the world, it is striking that in the Middle East a process of direct negotiations has begun," Mr Stephanopoulos read from a statement by President Bill Clinton.

Indonesian approval for waste plant project

By William Keeling in Jakarta

THE Indonesian government has approved a $100m (£66m) venture to build a toxic waste processing plant 30km outside Jakarta in West Java. The plant, expected to be working by the end of this year, will have capacity for 85,000 tonnes of waste a year.

The plant will be owned 70 per cent by Waste Management International of the US and 30 per cent by Indonesia's Bimantara Citra Group, run by Mr Bambang Trihatmodjo, President Suharto's second son.

Mr Emil Salim, environment minister, said the plant had to process domestic waste exclusively. Officials estimate factories in West Java produced 68,000 tonnes of toxic and hazardous waste last year and say plans for a second plant in are being considered. The plant's approval coincides with a tightening of the government's environmental policy.

Portuguese gas talks collapse

By Peter Wise in Lisbon and William Dawkins in Paris

TWO YEARS of negotiations on an Es103bn ($704m) project to pipe natural gas into Portugal have collapsed.

The deadlock calls into question the Lisbon government's plan to introduce natural gas by 1995 as an alternative to coal and oil. Portugal is the only European Community country without a natural gas supply system.

The collapse also leaves a question mark over a 900MW plant powered by natural gas and being constructed in Portugal by a Siemens-led consortium, and over plans for another, similar plant to be built by 2001. Also, plans to buy liquefied national gas (LNG) from Algeria will almost certainly be scrapped.

The government called off talks between Natgas, an international consortium led by Gaz de France (GDP) and Electricidade de Portugal (EDP), Portugal's power company, after the two had failed to agree on prices and risk-sharing.

"We would rather have no deal than a bad deal," Mr Luis Pereira, Portugal's energy secretary of state, said. He blamed GDF, saying it had expected EDP to take on exaggerated risks. It had insisted on too high a demand price for fixed costs and had undermined the talks by reviving already agreed questions close to negotiating deadlines.

GDF refused to comment in detail yesterday, beyond stressing that it was up to Natgas to respond. "Gaz de France, like all the partners, remains determined to bring off this project, which it estimates to be viable, if only the points in dispute can be overcome," said the group.

Natgas's largest shareholder is Gas de Portugal, the local gas distribution group, with 25 per cent, followed by GDF (23 per cent), Total (13 per cent), Ruhrgas (13 per cent), the Portuguese government (10 per cent), and two Portuguese companies with 8 per cent each. But GDF led the negotiations and was to be industrial operator, said an official of the French group.

Lisbon is now studying alternatives.

"We are not giving up on natural gas," said Mr Pereira. "It is our alternative fuel for the future."

OBITUARY

GREENHALGH - On 25th January 1993 in Bury, Lancs, JOAN, aged 66 years of Heaton Moor, Stockport. Widow of Edward and loved mother, mother-in-law, sister of the late Tom and devoted grandmother. A much loved daughter, granddaughter and niece. *Rest in peace.*

Chancellor tells markets to remember that rates can go up as well as down

Lamont shuns fresh interest rate cut

By Philip Stephens, Political Editor

MR NORMAN LAMONT, the UK chancellor of the exchequer, made it clear yesterday there was little immediate prospect that he would follow the Bundesbank and cut British interest rates again soon.

Amid fears in Whitehall that lower German rates might provide only a temporary respite for the pound, Mr Lamont stressed in a series of prepared response to questions from MPs that he was not prepared to jeopardise the government's anti-inflation policy by risking a new sterling crisis.

"Markets should remember that interest rates can go up as well as down", he said.

His comments came as the Treasury prepared to reassure nervous financial markets about its medium-term economic strategy with the announcement of the most sweeping review of public spending for a decade.

The spending review, led by Mr Michael Portillo, the chief secretary to the Treasury, will aim to convince the markets that the government has a coherent framework to reduce a budget deficit which is forecast to reach £50bn next year.

Mr Portillo, a rising star on the Thatcherite right of the Conservative Tory party, will examine in particular the scope for cuts in the £76bn social security budget, which now accounts for around a third of all spending – and provides for benefit payments for the unemployed. But the review, which will be unveiled later this month, will embrace also all the main Whitehall budgets.

The relative calm which returned yesterday to London's financial markets did little to dispel the doubts at Westminster over Mr Lamont's future as chancellor after the March 16 Budget.

Mr John Major pointedly sidestepped a direct question in the House of Commons on whether Mr Lamont would deliver the second Budget of the year in December. To Mr Lamont's discomfort Mr Major replied ambiguously: "I can't imagine anyone other than the chancellor of the exchequer presenting a Budget."

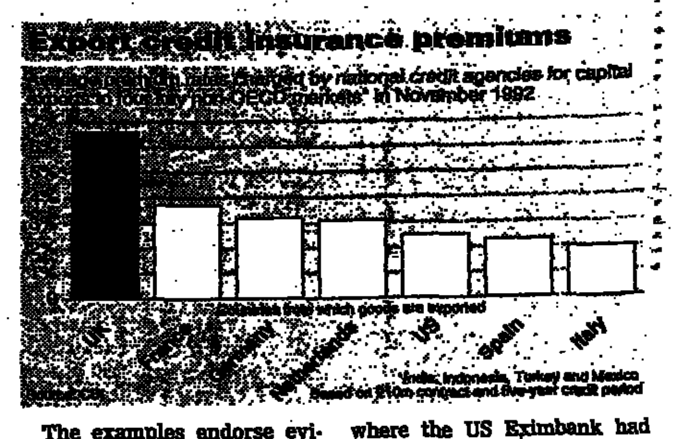
In an attempt to dispel the impression of disarray in the government's economic strategy, the chancellor repeated several times that the recent cut in British borrowing costs to 6 per cent had been "fully justified" by the inflation outlook.

He told MPs that it: "It was based on the advice of the Bank of England. It was based on what is happening to money supply and to asset prices."

Appearing alongside the chancellor Mr Portillo brushed aside suggestions that the pound's recent fall would translate into an acceleration of inflation. But Mr Lamont said that the Treasury would continue to take the exchange rate into account in its interest rate judgements. The chancellor sought also to lift the economic gloom which descended again after this week's failure of Daf-Leyland by pointing to encouraging signs of an upturn in the housing market. But neither he nor his Treasury colleagues would rule out the possibility of tax increases in the March budget.

Jobs and exports 'lost because of credit terms'

By David Dodwell, World Trade Editor



THOUSANDS of British jobs are at risk and exports worth hundreds of millions of pounds are being lost because of the high cost and limited availability of export credit cover, says a group of leading British exporters.

Recent examples include a £40m contract to build a urea complex in China that has been bid for by Snamprogetti in Italy, instead of the company's Basingstoke subsidiary, because the export credit insurance premium of 2.1 per cent offered by Italy's state insurer was almost one third of the 5.6 per cent premium required by Britain's Export Credits Guarantee Department.

Exporters are annoyed by a letter from the ECGD this week informing them that "as a result of recent business success in the (Indonesian) market, ECGD cover is now fully committed and therefore we cannot accommodate" cover for further business.

The letter arrived just days after an intensive and strongly supported export-promotion seminar on Indonesia in London by the Department of Trade and Industry.

"Talk about punishing success," one export financier said. "It would have been better for the ECGD to say nothing at all. Why turn the lights out just as you have sat everyone down in the plane?"

The examples endorse evidence presented this week to the House of Commons trade and industry select committee by Major British Exporters – a group of 10 leading UK companies active in construction, power plant and engineering – that the high cost of UK export finance presented exporters with "one of two unpalatable alternatives: abandon the business altogether, or to try to move as much work as possible offshore to countries whose export credit authorities are more accommodating".

Mr John Fletcher, Trafalgar House's marketing and business development director, said the ECGD's refusal to provide export credit cover for a contract to build a £200m synthetic medicine plant in Russia forced his company to transfer the work to its US subsidiary, where the US Eximbank had been willing to provide cover.

A contract for a £20m chemical plant in Pakistan was transferred to John Brown subsidiaries in Holland and France for the same reason, he said.

The exporters' group called for ECGD country coverage to be comparable with that of competitors; for premium rates to be harmonised with those of competitor countries; and for the government to provide aid-supported finance where competitors provide it.

"We believe a combination of these issues is very damaging to our industries and encourages an ever-increasing transfer of work from this country to our competitors in Europe and elsewhere," Sir Robert Davidson, chairman of Balfour Beatty, told the select committee.

Lloyd's to overhaul committees

By Richard Lapper

LLOYD'S of London yesterday announced a radical overhaul of its complex committee structure as part of efforts to improve management and cut costs at the insurance market.

The insurance market will disband 31 of 48 committees that advised or acted on behalf of the council, the market's governing body. Their functions will be assumed by new market and regulatory boards.

Mr David Rowland, chairman, said the changes represented a "very substantial change in the way in which we handle our affairs" and would bring Lloyd's into line with standard corporate practice.

Members of the two new boards would be asked to take individual responsibility for areas of work – ranging from training to registration of agencies and brokers – formerly handled by committee, said Mr Rowland. Lloyd's had been "bedevilled for years" by its committee structure. Representatives of agencies and brokers spent too much time on committee business, he said.

● Lloyd's announced that 100 syndicates intended to insure against terrorist damage as part of a new mutual company being formed by the UK insurance industry.

OECD urges UK to increase taxes

By Peter Marsh

THE UK government should exercise caution over further cuts in interest rates and raise taxes by up to £10bn to steady the fiscal deficit, the Organisation for Economic Co-operation and Development said yesterday.

The 24-nation body says an over-aggressive programme of cuts in base rates after the drop from 10 per cent to 6 per cent since last September could trigger an inflationary burst that might have to be controlled by monetary tightening. In this case, "output would be stronger for at most a brief period".

In its review of the UK economy, the OECD advocates an extension of value added tax to items such as food and household energy bills. That would raise up to £11bn a year and is thought to be under examination by the Treasury ahead of the Budget on March 16.

The study is mildly upbeat about recovery prospects, predicting growth in gross domestic product of 1.3 per cent this year and 2.4 per cent in 1994.

But it warns that the risk of significant inflationary pressures are "not negligible", given the lower import prices caused by sterling's devaluation and the possibility of growth in consumer demand if any upturn proves strong.

The study was completed last month by OECD economists, after consultations with the Treasury and Bank of England, and before this week's slide in the pound.

The OECD estimates that under present policies the ratio of government debt to GDP would grow to 45 per cent in 1994, up from 36 per cent last year and 29 per cent in 1990.

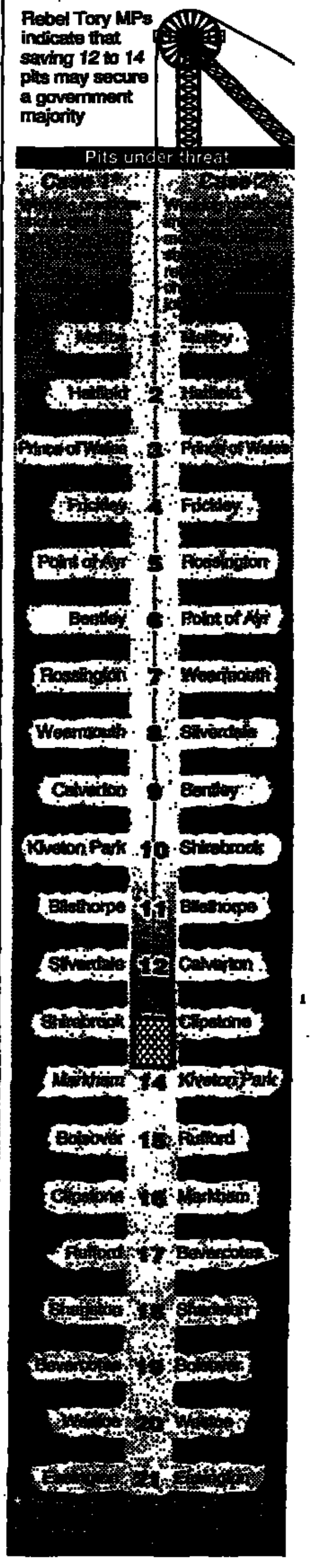
To halt this rise the OECD favours a tightening of fiscal policy. This would also prevent a further rise in the ratio of the public sector borrowing requirement (PSBR) to GDP. The OECD says this figure, excluding privatisation proceeds, will reach 7.5 per cent in 1993, before falling back to 6.5 per cent next year.

The OECD says about 70 per cent of the deterioration in the PSBR since 1990 can be accounted for by higher social security spending and lower taxes caused by the recession.

Even though the government has ruled out giving the Bank of England greater control over setting interest rates, the OECD says that removing this area from Treasury control might make monetary policy less subject to political pressures. It could help control inflation in the long run.

How deep will the government go?

Rebel Tory MPs indicate that saving 12 to 14 pits may secure a government majority



Promise on some pits may win coal vote

By David Owen, Michael Smith and Catherine Milton

THE GOVERNMENT may be able to secure rank-and-file support for an energy policy which saved well under half the threatened 31 coal pits, it emerged yesterday.

A series of telephone interviews with the most likely Tory rebels indicated that, while a wide range of views is held, a plan which spared between 12 and 14 pits would be likely to keep the government out of the danger area.

The findings came as delegates at a special conference of the National Union of Mineworkers agreed unanimously to hold a ballot on March 5, in conjunction with rail workers, with a recommendation to stage a 24-hour strike as part of a "rolling programme" of industrial action.

Mr Arthur Scargill, NUM president, said miners were asking the UK government to accept the logic of their case and keep open all 31 pits.

Separately, Mr Stephen Littlechild, electricity industry regulator, expressed strong opposition to proposals to enlarge the market for coal by delaying liberalisation of the electricity market next year.

Postponement of the plans would mean that regional electricity companies would not have to compete with each other for the custom of about 45,000 medium to large customers. They would be surer of the electricity they could sell and would be able to buy more coal on long term contracts.

A delay is among the most attractive options open to the government, even though it would upset free market supporters on the backbenches.

Mr Littlechild's opposition is one more complication for the government as at struggles to complete the work for its white paper on energy.

Mr Michael Heseltine, president of the board of trade, has previously said that he would publish it as soon as possible this month but it is highly unlikely that this will be next week.

Limited production resumes at Leyland-Daf truck plant

By John Griffiths and David Brown

LIMITED production resumed yesterday at Leyland-Daf's truck plant in Leyland, Lancashire, as the receivers reactivated component supply lines which had been stopped abruptly on Tuesday when the truck group collapsed.

The 2,000 employees at Leyland-Daf's van plant, at Washwood Heath, Birmingham, are to resume production today.

In Amsterdam, Daf said it expects regular production at its Eindhoven and Westerlo truck facilities to re-start next Monday. Currently, both its Dutch and Belgian truck plants remain restricted by parts shortages.

As the UK plants began returning to life, Daf said the Leyland-Daf receivers would be travelling to Daf headquarters at Eindhoven soon for consultations. Meanwhile, all 5,500 of Leyland-Daf UK employees were at their workplaces yesterday and its UK network of 54 dealers were told that they could take and place orders for both vans and trucks.

The Leyland plant, which had been making around 40 trucks a week, produced only a handful of trucks yesterday because of the components shortage. "But the situation has been getting easier throughout the day", said one employee.

Mr John Major yesterday brushed aside calls for government financial aid to Leyland-Daf as "simply not realistic" in spite of mounting pressure from the Labour opposition to rescue the truck builder, writes Ivo Dawnay.

In angry exchanges at questions in the Commons, Mr Major refused to make any commitment to match intervention in the company from the Netherlands or Belgium.

He told Mr John Smith, Labour leader, that the receivers had made clear that parts of the business could be saved without state funding. "I believe that is the way to proceed," he said.

A spokesman for Mr John Talbot and Mr Murdoch McKillop, the receivers, said the intention was to resume "business as normal" as quickly as possible while alternative strategies for the future of the UK operations were studied.

He indicated that an initial assessment of whether, and in what form, the UK operations might be put on the market as a going concern could be in place by early next week.

More than half of the UK dealer network has pledged to continue at its own expense to undertake warranty and other work ordinarily payable by Leyland-Daf, in a show of support for the truck maker.

Meanwhile, some big fleet customers such as the Royal Mail and Parcel Force were understood to be standing by substantial orders already placed with Leyland-Daf.

Leyland-Daf unions yesterday also kept up pressure on the government, demanding an early meeting with Mr Michael Heseltine, trade and industry secretary, to discuss ways of preserving the company.

They accused the government of a "dereliction of duty" in failing to act decisively to rescue Leyland-Daf.

Mr John Allen, chief negotiator with the Amalgamated Engineering and Electrical Union, said up to 18,000 jobs could be lost, taking component and other suppliers into account, if Leyland-Daf went into liquidation.

Such an assessment is not seen as an exaggeration by most motor industry analysts. Because of the relatively high UK content of both vans and trucks, at least two supply industry jobs would be likely to go for each direct job loss within Leyland-Daf itself.

Mr Allen said the losses would be even worse if the Leyland-Daf dealer network itself should collapse, which employs just over 5,000 people. But Leyland-Daf is the UK market leader, with what is acknowledged to be one of the most efficient dealer networks in Europe.

Britain in brief

Newspapers 'threatened by VAT'

A fifth of Britain's regional newspaper titles could be forced to close, with the loss of nearly 2,500 jobs, if the government decides to impose 17.5 per cent value added tax on their cover prices, according to a study by consultants Price Waterhouse for the Newspaper Society, the body representing most regional and local newspapers.

The newspaper industry is concerned that the chancellor of the exchequer is considering putting VAT on newspapers, magazines and books in next month's budget or later in the autumn.

The study forecasts that the imposition of VAT would reduce the circulation of paid-for regional and local newspapers by more than 1m from the current 13.24m.

Pay freezes introduced

About one in three employers introduced pay freezes in the final quarter of last year, according to the Confederation of British Industry's latest pay databank figures.

Over the same period, which saw Britain's withdrawal from the European exchange rate mechanism and a spate of large redundancy announcements, the CBI recorded average manufacturing pay settlements at only 2.8 per cent.

Pay awards in the service sector in that quarter were 3.2 per cent.

Building work set to decline

UK construction output looks set to decline even further this year, judging by an industry workload survey. The results of a questionnaire covering more than 2,000 quantity surveyors showed that orders last year fell by 18 per cent to the lowest level since 1985, when the survey began.

The findings, published by the Royal Institution of Chartered Surveyors, are worrying for the rest of the industry. Much quantity surveying work, such as that of architects, occurs early in the construction process. Surveyors' orders therefore provide a good guide to future workloads of construction companies and building material suppliers.

Drugs could prevent ulcers

A study published in yesterday's New England Journal of Medicine suggests that a combination of drugs could prevent duodenal ulcers recurring in 92 per cent of sufferers. The results, which confirm previous studies, threaten to profoundly alter the structure of the $7bn a year ulcer treatment market.

About a third of the drugs prescribed for ulcers are to prevent them recurring. If the new combination of drugs is widely adopted by specialists and general practitioners, it could severely reduce sales of maintenance therapies.

The leading ulcer treatment is Glaxo's Zantac, which generated £1.6bn of sales last financial year and is the world's best-selling drug. SmithKline Beecham's Tagamet had sales of more than $1bn last year.

The Austrian one-year study of 104 patients compared results on patients given a placebo with those on Zantac combined with antibiotics. In patients followed for a year, ulcers recurred in 8 per cent on antibiotics but 86 per cent on placebo.

Sick leave link with seniority

Encouraging employees to feel in control of their jobs will reduce sickness absence, says a study of government employees.

The survey of the backgrounds and health records of 10,000 non-industrial civil servants in 20 London departments found "striking" differences between amounts of sick leave and grades of work. Men in lower posts were six times more likely to take sickness absence than their most senior colleagues.

A relationship was also established between employees' attitudes to work and the likelihood of reporting sick.

The study, which was by the University College and Middlesex medical school, London, showed that men and women who rated their jobs lowly for control, variety, use of skills and satisfaction were more likely to take sick leave.

Airport for sale

East Midlands International Airport at Castle Donington, Leicestershire, has been put up for sale. The shareholders – Derbyshire, Leicestershire and Nottinghamshire county councils and Nottingham city council – ended a year of speculation about the airport's future by announcing that KPMG Peat Marwick, the accountants, had been commissioned to seek a buyer.

Major considers the cost of the welfare state

Lisa Wood on schemes in the US and Sweden which oblige recipients to 'work off' benefits

WORKFARE was the label that was given to the prime minister's musing about whether society should expect something back from the unemployed.

For the term is generally interpreted as obliging welfare recipients to "work-off" their benefits without additional pay. In practice the word is ambiguous and covers a myriad of work programmes which vary in their intent – from saving taxpayers money to inculcating work values into single mothers.

Mr Major and his cabinet, it is understood, are not yet clear about what form of workfare they want.

Various forms of workfare have been introduced into a number of countries, including the US, Sweden and Australia.

In the US, where unemployment insurance runs out generally after 26 weeks, workfare is not generally a punitive act. Rather it is a poverty relief measure aimed mainly at providing single mothers with a route out of poverty - "able bodied" individuals with dependent children are obliged to register for work or job training.

With the exception of a couple in the Deep South, single mothers are not thrown onto the streets if they refuse an option.

Studies of US programmes, which cost on average about $1,500 a year on top of welfare payments, produce as many conclusions about workfare as there are projects.

The general conclusion is that programmes do save taxpayers' money particularly if individuals go to work in the private sector. However, savings are cut if the approach of states like Massachusetts are followed.

It claims its good quality voluntary training programmes get people into better jobs. However, its a controversial area. Prof Laurance Mead, of the New York University, who has made a study of workfare, says: "There is very little evidence to support this." What counts, he says, is that workfare enforces the work ethic.

The Swedish model is very different in that it is an integral part of a highly interventionist labour market strategy in a society that until very recently was committed to full employment. Benefits have a limited duration before it is compulsory to perform some form of work.

If private sector opportunities have been scarce the state has created jobs and paid full wages while in training.

But rising unemployment is putting a strain on the Swedish system and there is a public debate on unemployment measures, while cuts are being made in payments to those in publicly funded jobs.

The British government is unlikely to offer participants in any new work scheme anything like this.Instead, it is more likely to model any scheme on its own Employment Action scheme, which offered benefits plus £10 a week.

It has not attracted its full quota of participants, mainly because people do not want to work for £10.

Schemes being considered in the UK concentrate on the long-term unemployed, to attempt to limit the cost and concentrate on the most needy.

Alternative schemes are being canvassed at a time when the plight of the long-term unemployed is highlighted by unemployment lobbying organisations and MPs concerned that a rump of individuals are emerging who may becoming unemployable.

Ministers say there is already a degree of compulsion in the system that could be extended, with individuals having to attend "Restart" interviews from this April after 12 months unemployment.

There may be proposals to extend this scheme in the budget on March 16, and in the longer term. These interviews are mandatory – with the threat of benefits withdrawal – and demand the individual makes personal job plans.

Letting go... . . . both hands on the wheel

Sheppard Sugar Greenbury

Of hats and heads

Norma Cohen on moves to separate the top two jobs at UK companies

John Thompson, director of UK equities investment at Standard Life, the insurance group, cites Lord Acton when explaining why he, as a shareholder, is pressing boards of directors to appoint separate chairmen and chief executives.

"'Power tends to corrupt and absolute power corrupts absolutely.' The principle is the same for businessmen as it is for politicians," Thompson says.

Corporate boards are apparently getting the message. Earlier this week, BAT Industries chairman and *chief executive Sir Patrick Sheehy* announced that he would shed his second hat with effect from April 1 in favour of Martin Broughton, currently managing director of the company's Eagle Star subsidiary.

Similarly, Yorkshire-based housebuilder Persimmon announced that its chairman and chief executive, Duncan Davidson, will continue as an executive chairman but a new group chief executive is to be appointed.

Meanwhile, the behind-the-scenes row continues at British Airways. Following the company's dirty tricks campaign against rival Virgin Atlantic, shareholders are seeking a dilution of the chairman's power.

Lord King, who wore both hats and would like to see Sir Colin Marshall, chief executive, do the same, is being lobbied by shareholders to appoint Sir Michael Angus, a non-executive director, as chairman. Sir Michael is said to have the support of BA's largest shareholder, Schroeder Asset Management. Other institutions, remembering Sir Michael's stewardship of Unilever, have lined up behind him.

Institutions are apparently getting their concerns across to senior board members, according to Pensions Investment Research Consultants, a private group which advises pension funds on corporate governance issues. At the end of 1991, *63 per cent of all FTSE-100* companies had split the role of chairman and chief executive. By last week, that had risen to 73 per cent.

"I don't think companies have done it voluntarily in all cases," said Stuart Bell, senior researcher at PIRC. Andrew Buxton, who last summer was anointed heir apparent to the roles of both chairman and CEO at Barclays Bank, has been forced to relinquish the latter role under pressure from institutional shareholders. Last year, British Petroleum was forced to split the two roles upon the unhappy departure of the man who wore both hats, Robert Horton.

Still, there are several striking examples of chairmen who still do both jobs: Sir Allen Sheppard at Grand Metropolitan, Tony Greener at Guinness, Alan Sugar at Amstrad, Geoffrey Mulcahy at Kingfisher and Sir Richard Greenbury at Marks and Spencer.

The 1992 report of the Cadbury Committee on the Financial Aspects of Corporate Governance finally gave official blessing to the view that boards of directors operate best when the chairman and chief executive are two different people.

Shareholder pressure for such a split had been some time in the making. More than 18 months ago, the Institutional Shareholders Committee recommended the split as best practice. But behind it lay *shareholders'* long memories of glamour stocks that had gone wrong.

Shareholders point to the Burton Group under Sir Ralph Halpern, Brent Walker under George Walker, Polly Peck under Asil Nadir as reasons why a single forceful personality, no matter how talented, is likely to be a bad choice to wear both hats.

"I personally think the acid test is whether the board can actually say no to the person at the top," said one member of the Cadbury Committee. "If the answer is no, there is not the mutual respect necessary to run the company." A strong and independent chief executive provides a rallying point for other directors who may sense that a company is losing its way and who wish to bring it back on course before any real damage is done.

A single forceful personality, no matter how talented, is likely to be a bad choice to be both chairman and chief executive

Indeed, shareholders say, the real issue is whether there are sufficient *checks and balances within a board* to stop an autocratic and misguided chairman heading down the wrong path. Paddy Linaker, chief executive of unit trust managers M&G and chairman of the Institutional Fund Managers Association, says the quality of board members is probably even more important than whether the roles of chairman and chief executive are combined.

In the case of GrandMet, for instance, shareholders have probably not pressed *as diligently* for a split of the roles because of the perception that the non-executive directors are strong and independent. And at some other companies, Linaker said, the roles have been split, but the chief executive is no match for a charismatic chairman. "You can have the Cadbury framework and weak people and that is no guarantee of success," he said.

But while there is considerable agreement among shareholders about the best way to structure board roles, many privately admit that they too often fail to make a strong case until a company is in trouble. "A rising stock price is like a blindfold," said one shareholder.

PIRC's Bell noted that plunging dividends tend to concentrate shareholders' minds. Indeed, some of the most notable cases where boards have voted for separate chairmen and CEOs have occurred long after the company's woes were reflected in the share price.

Linaker says that despite that, there are signs that institutions are changing. "In the good old days, institutions didn't vote much." But increasingly, institutions are exercising their proxy votes and signalling to management that board *structure is an issue which must be* paid attention to.

"We don't just wait until something goes wrong. It's the sort of thing we mention to managements whenever we see them," he said.

Christopher Lorenz

Mercedes sees the writing on the wall

HOW ARE the mighty fallen. And how tough a task they face in clambering up again. They must accomplish not just a sharp shift in competitive strategy, but also – far more daunting – a complete revolution in their internal culture and organisation. If they had taken firm action in response to the clear warning signals of a decade ago, their task would have been *immeasurably easier*.

Hard on the heels of the latest ravages at IBM, Mercedes-Benz last week emerged with its famous star firmly in the mire.

Thanks to the recent but entirely predictable appearance of much cheaper high-quality Japanese products at the luxury end of the car market, its overpriced, overweight models are piling up unsold on both sides of the Atlantic. Rubbing salt into the wound, its great German rival, BMW, is faring far less badly.

In most respects, including its leadership, Mercedes's troubles are several steps short of IBM's. But in some ways it faces a tougher challenge. Everyone at IBM is affected by the threat to its existence, whether they are from design, engineering, marketing or finance. But the Mercedes problem is rooted in the overwhelming dominance of one discipline, engineering. So its cultural revolution will need to be bloodier.

Mercedes is also less advanced than IBM in confronting a core problem: the time it takes to bring new products to market. Whereas IBM has done much in the past decade to compress its development cycle through "simultaneous engineering" and other processes, Mercedes has started only recently. Japanese car-makers have been able to develop a car, and then its successor, in the time Mercedes has taken to launch just one model.

If the company had not been so *arrogant, it would have realised* the need for change almost 10 years ago. It has always focused, with time-consuming thoroughness and care, on belt-and-braces engineering: producing cars that were tank-like in their solidity, outlasted almost every other make, and cost the earth. This was fine so long as such quality-based "differentiation" could only be bought at high cost.

But, as they have done so often, the Japanese changed the rules of the game. They made what academics call "differentiation at low cost" an entirely feasible strategy. This reached its clearest fulfilment in 1989 when Toyota and Nissan made their first direct challenge to the Mercedes stable with *the launch of Lexus and Infiniti*.

The failure of Mercedes to anticipate this threat was entirely its own fault. Moreover, if it had been less inward-looking, it would have noticed in 1984 the first evidence of the radical compression of product development cycles which has since swept through its industry. Moving swiftly from the bottom to the middle of the volume car business, the Japanese shrank the "time-to-market" for a "compact" (family-sized) car by the late 1980s to three-and-a-half years, compared with the European and US average of five.

The Japanese have developed a car, and its successor, in the time Mercedes has taken to launch just one model

Yet only in the wake of the influential late-1980s study by the Massachusetts Institute of Technology of Japanese "lean manufacturing" did Mercedes realise it had to rethink its whole approach. It conceded this in public only last week, when its in-coming chief executive, Helmut Werner, implied that its cars were over-engineered and too expensive.

To remedy this, he said the company was taking the radical step – for it – of moving to a product-*development process* based *on* "target costing". This is a variant of a notorious but powerful Japanese approach which used to be known as "market share pricing".

Instead of working on an ultra-generous cost-plus basis, Mercedes will now derive its target product costs, right down to each part, from competitive market prices.

The reaction of one experienced international consultant to this news was to emit a deep belly laugh, followed by the expostulation "about time!".

Though a highly refined technique of "target costing" has emerged only since the late 1980s, the principle underlying it – like the term itself – has been applied for more than two decades in most *consumer product industries*. That includes Ford and other western carmakers. A key design goal for one of the new Japanese luxury models was "make a 7-Series BMW for a 5-Series price".

Recent advances under the broad banner of target costing include the use of sensitive techniques such as "co-variant analysis" to determine the sort of value which customers will place on individual features, or clusters of them. The methodology has also been adapted to include a company's suppliers. Chrysler has used it recently to particular effect.

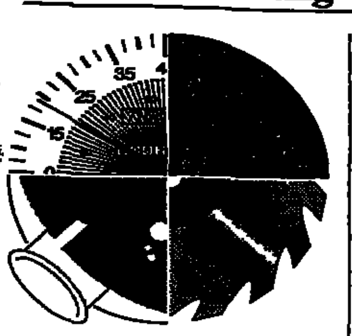
For Mercedes to adopt such an approach represents an even greater challenge than meets the eye. This is because of a phenomenon which Kevin Jones, a partner at Booz, Allen & Hamilton, the management consultancy, calls "the rational overhead": that most of the time taken to develop a product is spent not on actual development work, but trying to convince everyone involved that each decision is correct.

For Mercedes, one of the key challenges of target costing will be how to introduce such a detailed technique without – in instinctively rigorous fashion – increasing the complexity and time of its development cycle still further. The only way to cope with this, Jones advises, will be to limit the number of variables that it scrutinises on each new model.

For a Germanic company which will want constantly to challenge the details and cost of every part, that is an almost unthinkable revolution. But, like the other challenges which Mercedes is confronting, it is a matter of do or die.

TECHNOLOGY

Worth Watching · Della Bradshaw



Mario the plumber goes educational

Love 'em or hate 'em, few have found it possible to ignore computer games for Nintendo consoles. Now the lovable hero of many of these games, Mario the Brooklyn plumber, has turned his attention from high adventure to something more educational – painting and composing music.

Mario Paint enables would-be artists to draw, paint and animate characters on the screen using a mouse, the controller familiar to many personal computer users. Nintendo says this is the first computer game to be controlled by a mouse rather than a joystick. (The mouse is included in the £59.99 price of the package, and plugs directly into the Nintendo 16-bit Super NES console.)

If the console is also connected to a video cassette recorder, pictures or animated sequences created on the screen can be recorded. Music can also be added, by arranging in sequence a number of picture elements which appear on the screen. A picture of a jumbo jet, for example, would represent one note, a flower another and so on. Nintendo: Japan, 075 541 6111; UK, 0703 651010.

Speedy scanner cuts paperwork

One of the biggest problems for companies wanting to store their documents electronically has been the time and manpower needed to scan paper records into the computer.

Bell & Howell believes it has overcome many of these problems with a machine that scans up to 84 pages a minute at a consistent quality.

The Copiscan II scanner uses a technique called adaptive contrast enhancement, which analyses each document as it is fed in for colour and dirtiness and adjusts the image accordingly. It can also scan in both sides of a document at once. Bell & Howell: UK, 0784 51234.

Killer cottonplants target bollworms

Killer cotton is the latest genetically-engineered plant to emerge from scientists in Australia. Researchers at Csiro Plant Industry, in Canberra, have developed a cotton plant which has an in-built capacity to destroy predators such as the bollworm or caterpillar.

The plant carries a gene from the bacterium bacillus thuringiensis which enables it to produce a lethal toxin.

The plant was developed in conjunction with the Australian company Cotton Seed Distributors and the US multinational Monsanto. Csiro Plant Industry: Australia, 62 465470.

Paradox database now on Windows

Relational database software specialist Borland International has announced a version of its popular Paradox database management software for the Windows environment. Companies buying the package before April 30 will get it for the introductory price of £99.95. Paradox for Windows can store and handle scanned images, such as signatures, graphics, photos and even moving video images. Borland International: US, 408 439 1064; UK, 0734 320022.

Barbecue gives up smoking

As chill winter winds continue, many people might dream of a summer barbecue. For many more, the idea of a barbecue might conjure up ideas of charred food and acrid black smoke.

A Swansea inventor, Bill Darby, believes he has overcome the problem of the smoking barbecue with a soft plastic fuel which could be sold in giant toothpaste tubes or plastic containers. The fuel uses a base of charcoal or anthracite mixed with lighting agents, and because it burns efficiently produces no smoke. On lighting, flames appear for up to 12 minutes. Then a hot glowing carbon mass remains. Darby: UK, 0792 472721.

Alice Rawsthorn meets a man who has devoted himself to building a better vacuum

Hoping for a clean sweep

It is slightly strange to watch an apparently sane man brandishing a vacuum cleaner and waxing lyrical about it. But if anyone has a reason to enthuse about vacuum cleaners, it is James Dyson, who has spent the past decade designing them. Dyson, 45, is one of that rare breed: successful British inventors and industrial designers. The G-Force, his first vacuum cleaner launched in 1986, sells in Japan for £1,200 and pops up on white plinths in design museums.

His latest model is the Dyson Dual Cyclone, which is destined for the British mass market rather than Tokyo trendies. It goes on sale this month in several UK retailers – John Lewis, Rumbelows, Littlewoods – and electricity showrooms with a price-tag of £199.

Dyson is more interested in how his products work than how they look. He trained in product design at the Royal College of Art, but sees himself as an inventor, rather than a designer. "It's the technology that interests me," he said. "I'm not turned on by the idea of designing a case for a machine that someone else has developed. My thrill is coming up with something new and embodying it in an exciting way."

He worked for an engineering group for a few years after leaving the RCA, but then set up on his own to develop and produce the Ballbarrow, a wheelbarrow with a pneumatic ball instead of a wheel. The idea for his first vacuum cleaner came while he was making a machine for the Ballbarrow factory.

"One of our cleaning machines kept clogging up with dirt," he said. "We needed a cyclone system but didn't have £70,000 to buy it, so I decided to make my own. I realised that I could use a miniaturised version in a vacuum cleaner." He sold the rights to the Ballbarrow in order to finance the development of the vacuum cleaner. The result was the G-Force.

Conventional vacuum cleaners work by sucking in dirt and air, then separating them through a filter. The air escapes and the dirt collects in a paper bag. The problem is that the filter gets blocked, making the machine progressively less efficient. Dyson's cyclone system performs the same function as a filter by whizzing the dirt and air around at high speed, but does not clog. The dirt collects in a plastic container which can be clipped off and emptied.

He designed the G-Force so that its handle operated as a hose. At the time, most upright vacuum cleaners had clip-on hoses which were not part of the machine. Although the mainstream manufacturers rejected Dyson's design when he showed it to them in the early 1980s, an integral hose has since become a standard feature on upright vacuum cleaners.

He chose to make the G-Force look different from the sober-coloured machines then on sale. It has a jaunty pink plastic case and a clip-off container in transparent plastic that reveals the guts of the machine. "I wanted the design to underline the fact that the G-Force was different from other models," said Dyson. "I also liked the idea of a vacuum cleaner being fun to look at."

The Dyson Dual Cyclone vacuum cleaner

The G-Force design was licensed to a Japanese manufacturer. Dyson has used the income (30,000 models are still sold each year) to set up a product-development unit near his country home in Bath with a team of 15 designers. They have since developed vacuum cleaners for the US, including an industrial model for Johnson Wax. But the biggest project is the Dual Cyclone. Dyson has invested £1.75m to develop the design, register the patents and to tool up a Wrexham sub-contractor to manufacture the machine.

This time, he has installed two cyclones. One operates at 200mph to process bigger bits of dirt and the other at 800mph to treat tiny dust particles.

The Dual Cyclone has the same playful quality to its design as the G-Force, although the shape is less exaggerated and Dyson has chosen the more subdued shades of grey and yellow. "I wanted it to look more functional," says Dyson. "Pink would be a bit roué today."

He hopes to introduce the Dual Cyclone to other countries once it is established in the UK, and to plough the profits into a new vacuum cleaner, just as he did with the G-Force. "Sometimes I'm tempted to try other products, but if you want to do something really well you have to find a small area and work at it," he says. "We've still got lots of new ideas for vacuum cleaners."

Researchers find genetic link with asthma

Researchers at Oxford have found a single gene which may make people susceptible to allergy-based diseases including asthma and hay fever – but only if they inherit it from their mother.

The discovery by Bill Cookson and colleagues at the John Radcliffe and Churchill Hospitals is published in the Lancet today. It is certain to cause controversy, because four other research groups have failed to confirm the Oxford team's finding that most cases of asthma are associated with a genetic mutation on chromosome 11.

The Oxford scientists say their "candidate gene" predisposes carriers to atopy, the allergy to inhaled particles which underlies asthma and hay fever. Its identification follows a seven-year genetic study of 400 people from 70 families, funded by the Wellcome Trust and National Asthma Campaign.

In technical terms, the gene codes for the beta chain of the receptor for IgE. This controls the human response to IgE, the antibody that causes allergy.

The gene on chromosome 11 accounts for about 60 per cent of asthma and hay fever in the families studied by the Oxford group. But it seems to be inactive when it is inherited from the father, unlike the vast majority of genes which work in the same way whichever parent they come from. The reasons for its exclusively maternal activity are not known.

The scientists now want to relate molecular variations in the IgE receptor gene to cases of asthma and hay fever. That would prove that it is indeed an important allergy gene – and would be the first step towards improving the treatment for these disorders, which are poorly controlled by existing drugs (steroids, antihistamines and broncho-dilators). In the UK there are an estimated 6m seasonal sufferers from hay fever, and asthma affects 2m-3m people causing 2,000 deaths a year.

"Once the gene has been found, the task of developing a new treatment is likely to take at least 10 to 15 years," said Donald Lane, chairman of the National Asthma Campaign. The idea would be to switch off the gene or to block the receptor for which it codes.

Last December, four separate research groups (from Japan, the US, Netherlands and UK) published papers in the journal Clinical and Experimental Allergy, saying they could find no linkage between atopy and chromosome 11, on the basis of other genetic studies of families with asthma. They are unlikely to be convinced by the latest evidence from Oxford.

Cookson, however, says his group has re-checked all its data and remains convinced that the linkage is real. He cannot explain the discrepancy with the other studies, beyond observing that "it is surprisingly difficult to show genetic links of this sort".

Clive Cookson

PEOPLE

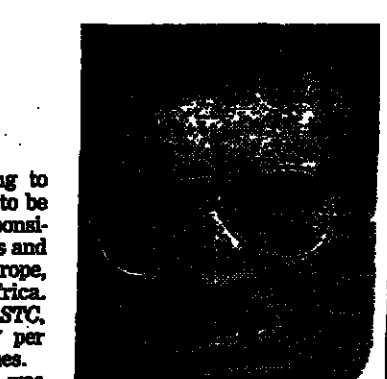
Craig moves up at Northern Telecom

The ripples from last month's unexpected changes at the top of Northern Telecom, the Canadian telecommunications company, are spreading to Europe. Yesterday Nortel named its new European president and chief executive as Ian Craig, formerly the company's chief operating officer for the region.

Scots-born Craig, 50, will take up his new appointment immediately. He has been with Nortel for 26 years and has held senior positions in marketing, sales and strategic planning as well as research and development.

Yesterday he was flying to North America, no doubt to be briefed about his new responsibilities which include sales and marketing throughout Europe, the Middle East and Africa. Since the acquisition of STC, the region contributes 17 per cent of the group's revenues.

The reshuffle at Nortel was initiated by the sudden resignation as chief executive late last month of Paul Stern, the outspoken and colourful figure who led the company's drive to expand business outside North America. He has been replaced by Jean Monty, formerly head of Bell Canada.



Meanwhile, Craig replaces Desmond Hudson who is returning to North America to take up an as-yet unexplained special assignment.

Healthy Julien turns to tax

Michael Julien, the former group chief executive of Storehouse, has become a non-executive director at Chiltern Financial Services, an international tax consultancy firm based in London.

Julien resigned from Storehouse last summer in order to recover from what was called at the time a "mystery virus". Though none of his doctors believes in the ailment, Julien believes it was chronic fatigue syndrome, also known as ME, and irreverently as yuppie flu.

But Julien, at 54, says he is no yuppie. More important, he is substantially recovered, and is taking Chiltern as the first of what he hopes will be a number of non-executive directorships which he is currently examining.

Chiltern was founded in 1977. Dennis Tapper, the executive chairman, says he expects Julien – its first non-executive director – to tender his experience of large companies and strategic development. He had come across the consultancy when he had used its services in the past.

Julien qualified as a chartered accountant at Price Waterhouse, became finance director at BICC, then at Midland Bank and finally was managing director of Guinness at the time of what he calls "the event of which we don't speak".

He has no plans to return to a full-time executive position with any company, except his own family business, Uniform Clothing in London, which makes ceremonial uniforms.

He is also indulging his passion for France, and has an eye open for non-executive directorships at companies with an international focus so that he can mix business with pleasure.

■ Jim Felker is resigning as a director of Simon Engineering, where he had responsibility for Simon's environmental division. He will step down at the end of March to become president and chief executive of EMCON, a US engineering and consultancy business.

Simon has sold off nearly all its environmental businesses this year because of falling profits. On Wednesday the company made its last disposal, selling its European environmental consultancy division to Northumbrian Water for £10.5m.

■ John Rose, corporate development director of ROLLS-ROYCE, has been assigned to Rolls-Royce Inc as president and chief executive officer; he succeeds John Sandford, recently appointed md of the aerospace group in the UK.

■ David Kitching, formerly director new business development of BICC Andover Controls, has joined TEMEC as commercial director.

■ Dares Estates, the heavily indebted property developer currently in talks with its bankers, may be remembered for one thing in the current recession. It has laid off its finance director in order to cut costs.

Michael Giles Knopp, who has worked for the company for seven years, has resigned as a director of Dares although he will remain a consultant. Brian Tomlinson, Dares' chief executive, is a chartered accountant and says that Giles Knopp's departure is part of a cost-cutting exercise. He will take on Giles Knopp's responsibilities. At its peak the firm employed 18 staff but there are just eight left on the payroll.

Guest appearance at enterprise agency federation

It was the experience of handling a factory closure in the early 1980s which brought home to John Guest, then a long range planner with Cadbury Schweppes, the impact of change on local communities.

It was this event which ultimately led to his appointment, earlier this week, as chief executive of the newly formed Federation of Enterprise Agencies. The agencies provide support and advice to would-be entrepreneurs and small and medium-sized businesses.

Ever since Business in the Community, which co-ordinates the community activities of several hundred large companies, said in June that it was no longer prepared to act as "umbrella" organisation, the agencies have been seeking to set up a national body.

When Cadbury decided to shut down a factory at Frampton on Severn as part of a rationalisation programme, Guest was responsible for finding a developer to take over the site and develop an industrial estate. This enabled Cadbury to replace the jobs which had gone with the factory closure.

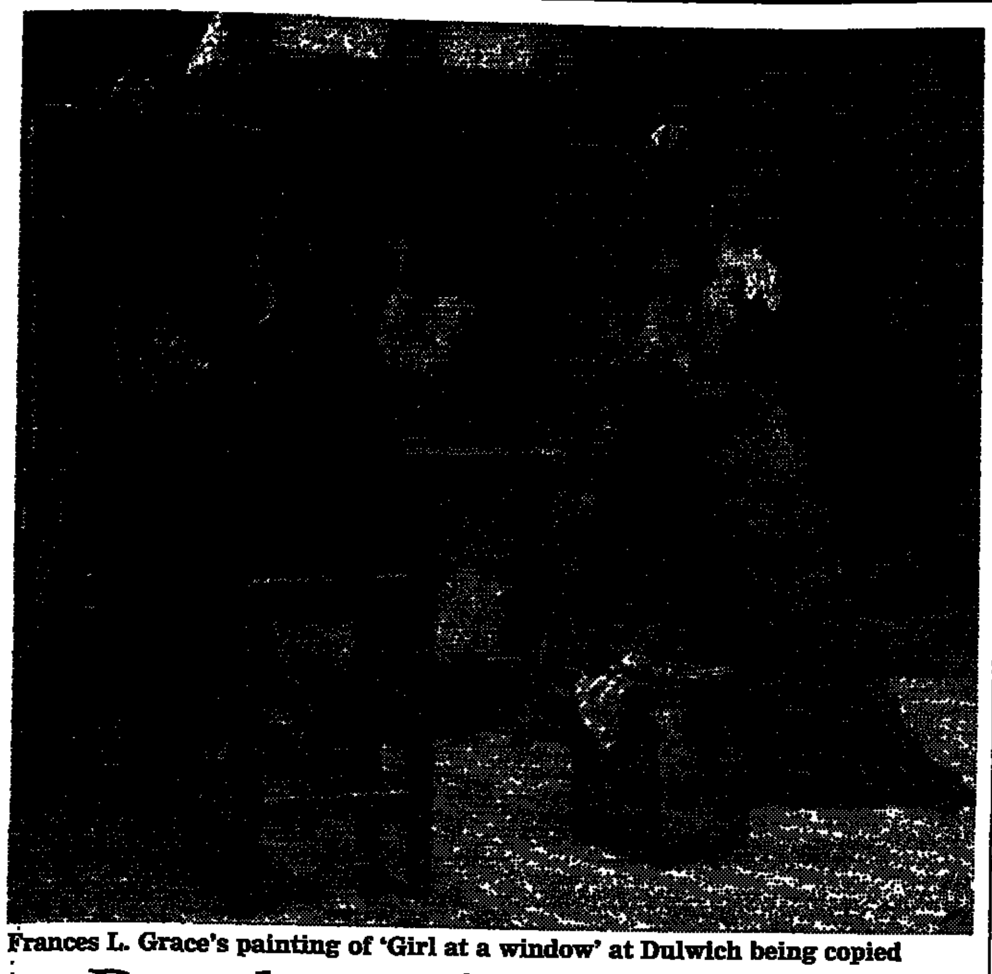
This project led to contacts with Business in the Community and in 1983 Guest became a regional director, helping to set up several enterprise agencies in the Midlands. After two years he returned to Cadbury to combine planning with community affairs, becoming group community affairs manager in 1989.

Apart from his secondment to BitC, this represents the 57-year-old Guest's first break in a Cadbury career spanning 37 years. He is taking on the job at a challenging time for the agencies.

The government's plans for a nationwide network of one-stop shops are forcing all the participants, Training and Enterprise Councils, chambers of commerce and enterprise agencies, to reassess their roles. "It will be a full-time job," he says.

Guest calculates that the federation at present only speaks for half of the country's 300 enterprise agencies though these account for 70 per cent of agency business. An early priority is to improve the quality of the service provided and member agencies will be expected to conform to the BS5750 quality standard or an equivalent within two years.

If the going gets tough, Guest can always call upon his chairman at Cadbury for advice. Sir Graham Day has agreed to become founding president of the federation.



Frances L. Grace's painting of 'Girl at a window' at Dulwich being copied

Rembrandt's Girl at a Window's claim to fame

Susan Moore reviews the exhibition at Dulwich Art Gallery

Dulwich Picture Gallery's small-scale exhibition framed around Rembrandt's "Girl at a Window" examines the fame of a painting. Like W.F. Yeames' "And When Did You Last See Your Father?", similarly investigated at the Walker Art Gallery, the Rembrandt remains an enduringly popular image. The young girl is to be found gazing out of anything from the cover of a National Gallery day book sold in museum shops to leaflets promoting skin-care products.

Yeames' painting entered the national consciousness through its translation into textbook illustration, cigarette-card picture and waxwork tableau. The tale of how successive generations in various countries have responded to and interpreted Rembrandt's somewhat ambiguous "Girl at a Window" is both more typical and more subtle, and it begins in the master's studio.

Part of a young artist's training in Rembrandt's studio, as elsewhere in the Netherlands, was to make literal copies of the master's paintings, and copies with variations. The ability to paint in the manner of Rembrandt was a prerequisite of a successful artistic career in Amsterdam. Moreover, guild rules forbade pupils from working in a manner other than their master's, or from signing their works.

"Girl at a Window" is signed and dated 1645, when the size of Rembrandt's studio rivalled that of Rubens in Antwerp. The artist was not the first to paint a figure leaning out of an open window; he had also drawn Saskia in comparable pose some 12 years before. Characteristically, however, he was to make a conventional formula entirely his own.

The girl is too young to be Hendrickje Stoffels, as has often been suggested. She is more likely to be a servant or even a prostitute, given her direct gaze and gaping bodice. A pool of water gathers around her left elbow: is she straight from her bath or the washing?

The painting is not so much a portrait as a genre study of disarming naturalness and freshness.

Alongside it at Dulwich we find a 19th century copy of Chicago's famous "Girl at a Half-Door", recently attributed to Rembrandt's pupil Samuel van Hoogstraten but which must remain one of the more problematic demotions of the Rembrandt Research Project. From Woburn comes a studio adaptation, "Girl at an Open Door", also attributed to Hoogstraten, which is indebted to the two paintings but is notably inferior to both. (One of the unexpected treats of the show is a thoroughly contemporary portrait by John Opie of his second wife which pays homage to the Woburn picture, then celebrated as a Rembrandt masterpiece.) "A Kitchen Maid", on loan from Stockholm, shows the master himself returning to the subject in 1651.

It is fascinating to see this small group. If only Dulwich had also been able to secure the original "Girl at a Half-Door" and Washington's "Girl with a Broom", now deemed to be by Carel Fabritius, this exhibition would have proved far more revealing of the relationship between master and pupils, and of the Research Project's distinction between masterpiece and studio work, than last year's blockbuster Rembrandt show.

The show takes us on to 18th century France, where the vogue for 17th century Dutch genre painting is reflected by the presence of the Dulwich, Stockholm and Washington pictures. One of the canvases – probably "Girl at a Window" – belonged to the art theorist, painter and spy Roger de Piles and would have been easily accessible to the artistic community for most of the century. Certainly the Dulwich picture was to prove the most influential and widely imitated.

One of the first to pursue the formula was Antoine Pesne, later painter to the Prussian court. His girls at a window of 1706 and 1708 (illustrated in reproduction) are pretty and simpering, and their expanses of bare bosom make explicit the implicit sexuality of Rembrandt's painting. A few years later Jean-Baptiste Santerre attempted a far more faithful, albeit sentimentalised version. Here the girl's status is clarified by a basket of onions, and she is as sweet and virtuous as any Greuze charmer.

Her impact on British art, after her arrival in the 1770s, is less pronounced. Sadly we cannot see the the copy apparently painted by Sir Joshua Reynolds, although a replica in the Hermitage shows it to be accurate but still sugar-sweet. We can see Reynolds using it as a point of departure in the "Laughing Girl" from Kenwood, a full-blown essay in the master's sombre rich tonality and clotted-cream impasto.

Frances Grace's painting of 1878-79 and Simon Edmondson's recent interpretation using a local schoolgirl as model are witness to the continuing popularity of copying the Rembrandt at Dulwich, which was not only Britain's first public art gallery but doubled as an informal art school.

It obviously had it copying uses, too, for the infamous "Sexton Blaker" Tom Keating, who is shown to have cut his crooked teeth on "Girl at a Window" in the 1950s.

The exhibition, sponsored by Martini & Rossi, Sunley Holdings and Williamson's Electrical Company, continues until April 25. While the Clore Foundation's donation of £200,000 offers a temporary reprieve for the gallery an additional annual income of £250,000, or an endowment of £5m, is still needed

Ballet/Clement Crisp

The Green Table

On Tuesday night, the opening programme of Birmingham Royal Ballet's season at the Wells had a schizophrenic air. We saw a light opening piece – Graham Lustig's view of the *beau monde* in *Paramour*; three contrasted duets; and *Facade*. The company then took Dr Jekyll's potion, and closed the proceedings with *The Green Table*, a work calculated to lower the most sanguine spirits. I understand that Kurt Jooss always wanted *Green Table* to end an evening, so that audiences might leave with the message still fresh in their minds. It seems wholly unnecessary to perpetuate this routine, and it makes for awful programme-building.

The Green Table, after 60 years, has its devotees. It is, as people never tire of telling us, still dreadfully true in portraying the horrors of war. But when, given human stupidity, was this not so? As a 1930s artefact, this anti-war poster has an historic interest. Its message was unprecedented in the dance repertory of its time and place. But unlike Georg Grosz's drawings, which had already explored the theme, its characters are generalisations, its style earnest, and it is riven with a sentimentality that so often corrupts appeals to our better feelings.

Its dance language has a certain monumentalism – pose better than step – and the original principals (most of whom I saw) boasted an emotional and physical weight which lent it credibility. We cannot expect BRB's dancers to reproduce these qualities, albeit performances – notably James Bailey and Timothy Cross as the Standard Bearer and the Young Soldier – are stronger than at the work's revival last October. It is Marion Tait as the The Old Mother (the very names tell you what to expect from the dance) who has the absolutely sure dramatic presence that I recall from the Jooss interpretations of the 1940s.

Miss Tait, that valuable, unerring artist, was all elegance in *Paramour*, and was to look exquisitely true in Kenneth MacMillan's *Pavane* pas de deux, happily restored to the repertory. This is a serene duet, made for Sibley and Dowell in 1973, whose hushed, ecstatic mood and flowing shapes Miss Tait captures perfectly. Her partner, Kevin O'Hare, has the unenviable task of reproducing movement conceived for Dowell's impeccable line, and he makes it look tense where it should unfurl with the sweetest muscular ease.

Pavane comes as a contrast to the bellicosities of Hans van Manen's *Twilight*. Two lovers stalk each other as sexual adversaries, and Chenca Williams has the vicious legs, the temperament as sharp as the heels on her shoes, to make everything of the choreography. She needs a more provocative partner than Joseph Cipolla, who underplays the man's challenge to her. And to set the house in a roar, that well-known alternative to dancing, the *Don Quixote* pas de deux. There, to knock spots off the choreography, were Miyako Yoshida, turning like a top, and Tetsuya Kumakawa, who goes up into the air and does things, not least some beautiful slow *cabrioles*. We saw too much dazzle and too little style – acrobatics can be made to resemble art – but the public likes circus tricks, and was more than content with these dare-devil activities.

About *Facade*, I can only say that once upon a time it was a ballet in which Ashton made stylish comment about dancing. It is now a romp, and pointless. Musically, the evening was pleasing, with an idiomatic account of the Poulenc two-piano concerto from Jonathan Higgins and Ross Williams, and the Royal Ballet Sinfonia under Philip Ellis.

Birmingham Royal Ballet continues at Sadler's Wells, with mixed repertory, until Feb 13

Theatre/Alastair Macaulay

Robin, Prince of Sherwood

Corny to the core, and wet behind the ears, this new rock musical might just become a hit. No, there is not an original bone in its body – but not a mean one either. And almost half its rock songs have an expansively lyrical instinct that is appealing. The music and lyrics are by Rick Fenn and Peter Howarth, and almost every song is well delivered. Bill Kenright's staging puts music and characters first, without any flash scenic effects. And – another plus – Robin, Marion and the Sheriff are all good-looking.

Still, this is a wholly formulaic show. And you know the formula – it is Lloyd Webber's. You mix idealism (feared by the bad, loved by the good, Robin Hood), romance (Maid Marion), crooks (the Sheriff) and comedy (Friar Tuck). You tell it with plenty of tongue-in-cheek anachronisms (the outlaws click their fingers and put on shades to sing their "Hanging Around" number). And you go overboard on pastiche: the authors of *Robin, Prince of Sherwood* mean to remind you of songs from Presley down to Whitney Houston.

If *Robin, Prince of Sherwood* fails, it will be because it has not followed the prescription well enough. It does not make enough of its story's suspense; or of Maid Marian; or of Robin's idealistic cause. (Instead, in an effort to create some cynical rock fun, it links the Sheriff to the she-devil Morgana.) Early on, a crusaders' song erroneously makes Richard the Lionheart also ruler of Scotland, Wales and Ireland ("It's us lot that make Britain great"): does this mean to have its tongue in its cheek or not?

As for *Robin*'s words, they only stop being corny when they are blatantly anachronistic. "Nottingham" rhymes with both "dan" and "flame," "Morgana" with both "Indiana (Jones)" and "Copacabana (Club)." Get the idea? Lloyd Webber would have more sheer nerve; nor would he have handled so predictable a subject. But with the outlaws' "Hanging Around" number the audience at last can relax and have an intermittently good time. Fenn and Howarth know how to write ensembles – how to build a vocal fabric from differing layers of melody and rhythm. The big number – "Call Me Robin Hood" – has only one big line, but that makes its effect potently, like a wave crashing. And a little adjustment would actually help other numbers to work better. (The outlaws' "The lights grow dim" needs less Caribbean 4/6 accompaniment beneath it, and more powerful singing from Little John in his big arching entry.)

As Robin, Mike Holloway has looks and voice; he carries the show. I wish, though, that he led it more like an actor who believed in the world onstage, less like a cute TV compere. Peter Howarth not only co-wrote *Robin*, he also plays the Sheriff. He carries *his* cuteness with properly melodramatic Mad Max flair, but I don't care for a crook who is less interested in bashing the poor than in diabolism. And surely it would be better to have a baddie who sang in a plainly lower register than Robin? Richard the Lionheart is a dud.

Yes, anyone can see the many ways in which *Robin Prince of Sherwood* could easily be better; and noone who likes theatre to be spontaneous and persuasive will go near it anyway. Yet it really let actors *sing*. Full of holes, but full of beans.

At the Piccadilly Theatre

Alastair Muir

Robin and his merry men: overboard on the pastiche

Concert/Richard Fairman

South Bank Schubert

Although the South Bank took a leading role in developing the "theme" or "festival" as a focus of musical life in London, it has more recently allowed the running to be made by its rivals, as last autumn's ambitious Scandinavian festival at the Barbican and the Wigmore Hall showed.

It may well have escaped the attention of most concert-goers that a Schubert "series" (less than a theme, far less than a festival) has recently opened. A half dozen chamber music evenings at the Queen Elizabeth Hall during February promise some interesting items. A few choral and orchestral works are featured at the Royal Festival Hall, but spread over six months and probably totalling no more Schubert than we would have had anyway.

This latter half of the series, devised by William Glock, looks like an attempt to balance the artistic books by sleight of hand. The "Sundries" section includes a couple of novel make-weights, but two half concerts of choral music amount to the only unusual offerings of any substance. On Tuesday Franz Welser-Möst conducted the first of these with the London Philharmonic, starting most promisingly with the Offertory "Intende voci", D.963.

This is thought to be probably the last music that Schubert wrote. It has an inner calm, an ability to fix its eyes on horizons far distant even within its brief ten-minute span, that speaks powerfully of the Schubert of his final years. Its atmosphere takes time to dispel, but dissipate it did all too quickly, as it was followed by seemingly shallow youthful works – the Offertory "Totus in corde lagueo" D.136, a duet "Auguste jam coelestium" D.488 and the Mass No. 2 in G, all written in the composer's teens.

A brighter attitude is called for, but that was manifested most noticeably here by Welser-Möst driving on in the Mass's vivacious Gloria and Credo. The best of the solo music fell to the soprano Lynne Dawson, still sparkling of voice, but not uninhibited as she used to be. Too many phrases were tapered away into an artful piano. Kurt Azesberger and Simon Keenlyside were the tenor and baritone.

Afterwards, a contrast. Welser-Möst led the orchestra in Stravinsky's *Firebird*, complete, not the easiest of ballets to make work in the concert-hall; this performance, short on atmosphere at the start, took some while to work up momentum. When the spark did take, it ignited into a fiery Kastchei's Dance, headlong in pace. The score was performed in its earlier, lavish orchestration, but did not sound as impressive as I remember. At the 1991 Edinburgh Festival the brass around the hall made a thrilling effect. Here one hardly noticed there was anybody extra taking part.

Recital/Max Loppert

Lott sings Poulenc

Felicity Lott and Graham Johnson, her regular piano partner, gave on Tuesday a Wigmore Hall recital devoted entirely to the songs of Francis Poulenc. This is perhaps a braver enterprise than at first glance it might appear. For while the world is filled with Poulenc-lovers – people convinced that his body of *mélodies* comprises some of the richest, most vital and most "personal" song-writing this century – there are also others who simply fail to "get" him.

In a recital presented as this one was – chronologically (songs from 1918 to 1961) – the programme was varied with highest expertise. And yet it did run an inevitable risk that the relatively small musical range within which Poulenc worked might be underlined – not to mention his adherence to a relatively small number of "manners" (surreal-skittish, rueful-nostalgic, sly-witty) and even the personal tics (melting cadences, final-phrase use of upward-rising intervals) that can seem like mannerisms.

Poulenc is not performer-proof. Style, carefully developed but lightly worn, is therefore of the essence in showing off in the best possible light the variety, emotional warmth and sheer delicacy of his songs. In this concert the style was caught, the light trained, with absolute mastery: I though it one of the most perfectly planned and executed recitals I have ever been privileged to attend.

Lott and Johnson were giving it at the close of a European tour (which included a Paris concert apparently rapturously acclaimed), and by Tuesday evening both had absorbed into their artistic fabric every note and word. The sense of rapport, of subliminal give-and-take that informed every song-performance went worlds beyond the usual well-prepared recital experience.

It was a concert in which platform demeanour – the soprano a figure of extraordinary chic *à l'anglaise* dressed by Givenchy – was made one of the interpretative weapons. But never too prominently: the raising of an eyebrow or the flick of the wrist was allowed to speak volumes. Mainly, however, it was the exquisite silvery flow of the Lott soprano (in absolutely peak condition just now) and the conversational ease and beauty of her sung French that did the work.

Pattering away in "Reine des mouettes" (from *Métamorphoses*), floating with taut-drawn gentleness the ravishing quiet lyricism of "Tu vois le feu du soir", or concluding with the bitter-sweet comedy of "La Dame de Monte-Carlo", she seemed to tap into every current of poetic and musical feeling. This level of achievement is rare in any musical sphere: Lott and Johnson must have made legions of Poulenc converts-for-life across Europe.

INTERNATIONAL ARTS GUIDE

An unusual musical reconciliation takes place next Friday when the Philharmonia Hungarica visits Budapest for a concert with Yehudi Menuhin. The orchestra was established in Vienna in 1957 by musicians who fled Hungary after the 1956 revolution. It later made its base in the West German town of Marl, and received support from the conductor Antal Dorati and other distinguished musicians, including Menuhin. Today only half its members are Hungarian, but it keeps up a busy schedule of touring and recording. Until the end of the Cold War, eastern Europe was forbidden territory for an emigré orchestra. So the Philharmonia Hungarica's Budapest debut at the Academy of Music is an important milestone.

Another orchestra due to visit the Hungarian capital in coming weeks is the New York Philharmonic, which gives two concerts at the State Opera in early April as part of a European tour. Kurt Masur will conduct all 15 concerts on the tour, which opens on March 25 in Frankfurt and includes two concerts in Paris and London, three in Madrid and single nights in Berlin, Vienna, Brussels, Leipzig and Warsaw.

The programmes feature works by Brahms, Dvorak, Franck, Mozart, Barber and Richard Strauss, as well as a new piece by Chinese composer Bright Sheng. This is the NYPO's first visit to Europe since 1988.

Moving in the opposite direction across the Atlantic will be the pick of France's classical and contemporary dance companies, which have been invited by the Kennedy Center in Washington to take part in a two-week festival entitled France Danse (March 16-28). The Paris Opéra Ballet will present two programmes, including the Nureyev production of La Bayadére. Among other troupes scheduled to take part in the festival are Ballet du Rhin, Compagnie Mathilde Monnier, Compagnie Preljocaj and the ensemble based at the Centre Choreographique National de Montpellier.

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum Art, Expertise and Trade: a behind-the-scenes view of the early 20th century gallery of J H de Bois. Ends May 2.
Also North Netherlandish Art 1580-1620. Ends March 7.
Gao Qipei (1660-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon
ANTWERP
Musée Royal des Beaux-Arts From Brueghel to Rubens: the Golden Century of Flemish Painting 1550-1650. Ends March 8. Closed Mon
BARCELONA
Fundacio Joan Miro Wilfredo Lam: 60 paintings by the Cuban artist. Ends March 28. Closed Mon
Palau de la Virreina David Hockney: 73 paintings. Ends Feb 28. Daily
BERLIN
Neue Nationalgalerie After Guernica: a major Picasso exhibition which comprises 90 paintings, 60 drawings and ten sculptures, with a special focus on the artist's work in the 1950s. Ends Feb 21. Closed Mon
Alte Nationalgalerie The Collection of Count Raczynski: Paintings of the late Romantic era. Ends Feb 14.
Also Art in Germany 1905-37. Ends April. Closed Mon and Tues
CHICAGO
Art Institute Surrealist Works on Paper from the Shapiro Collection: 150 drawings by Ernst, Dali, Magritte, Dubuffet and others, plus works by Picasso and a selection of late 19th century French prints and drawings by Degas, Redon, Bonnard and Toulouse-Lautrec. Ends May 16.
Also Chagall: Moscow Jewish Theatre Murals. Ends May 10. Daily
DUSSELDORF
Kunstsammlung Nordrhein-Westfalen Pierre Bonnard: a pot-pourri of paintings, lithographs and photographs by one of the artists most closely associated with the Nabis. Ends April 12. Closed Mon
LISBON
Centre of Modern Arts Max Ernst: 260 works by the German-born Surrealist. Ends March 28. Closed Mon (Gulbenkian Foundation)
LONDON
Hayward Gallery The changing condition of sculpture 1965-75. Ends March 14. Daily
Royal Academy of Arts The Great Age of British Watercolours 1750-1880. Ends April 11. Daily
Tate Gallery Visualising Masculinities: the male body in art since the mid-19th century. Ends June 6. Daily
National Gallery Brief Encounters: Robert Campin's Virgin and Child in an Interior from the gallery's own collection, and a diptych lent by the St Petersburg Hermitage. Ends March 28. Daily
MADRID
Fundacion Juan March Kasimir Malevich (1878-1935): 42 oil paintings by the Russian artist who invented Suprematism. Ends April 4. Daily
Centro de Arte Reina Sofia Joan Miro: centenary exhibition of 60 paintings and 50 drawings from the years 1920-60. Ends March 22. Closed Tues
MUNICH
Kunsthalle der Hypo-Kulturstiftung Frederick the Great: an exhibition illustrating the 18th century Prussian king's relationship with art and artists. Ends Feb 28. Daily
Villa Stuck Socialist Realism: official Soviet art under Stalin and his successors. Ends April 18. Closed Mon
NANCY
Musée des Beaux-Arts Art in Lorraine 1892-1950: a thematic retrospective, showing the richness and diversity of the region's art and its links with the major movements of the period. Ends April 18. Closed Tues
NANTES
Musée des Beaux-Arts The Russian Avant-Garde 1905-24: more than 80 paintings on loan from St Petersburg and ten provincial Russian cities, including work by Kandinsky, Popova, Malevich, Larionov and many others. Ends April 18. Closed Tues
NEW YORK
Metropolitan Museum of Art Ancient Near Eastern Treasures in the Louvre. Ends March 7. Also A Peruvian Lord's Tomb: third century adornments made by the Moche people of Peru. Ends July 4. Closed Mon
Whitney Museum of American Art The Geometric Tradition in 20th century American Art. Ends Feb 14. Closed Mon
Guggenheim Museum *Photography in Contemporary* German Art: 1960 to the Present. Ends May 9. The main museum is closed on Thurs, the SoHo site on Tues
André Emmerich Gallery David Hockney: *26 Very New Paintings*, all multi-coloured abstractions.
PARIS
Musée d'Art Moderne de la Ville de Paris Figures du Moderne: Expressionism in Germany 1905-14. Ends March 14. Closed Mon, late opening Wed (11 ave du President Wilson)
Louvre French Paintings and Graphic Arts of the 18th and 19th Centuries (Cour Carree 2nd floor). Also Veronese's The Marriage at Cana. Ends March 29 (Salle des Fetes). French 17th Century drawings: 160 works showing the vitality of French art under Louis XIV and his predecessors. Ends April 26. (Pavillon de Flore). Closed Tues

Musée Galerie Seita Egon Schiele: 100 works on paper, showing the torments and erotic obsessions of the precocious Viennese expressionist. Ends Feb 27. Closed Sun (12 rue Surcouf)
ROME
Palazzo Venezia Rome under Sixtus V: the third of a series of exhibitions celebrating the fourth centenary of the death of the Pope who during his short reign (1585-90) did more than any other to turn Rome into the first modern city of Europe. Ends April 30. Closed Mon
ROTTERDAM
Museum Boymans-van Beuningen The Northern *Tradition: contemporary* Scandanavian ceramics from the Koster and Quist Collection. Ends April 4. Also French Masterworks 1600-1800 in Dutch collections. Ends Feb 28. Closed Mon
STOCKHOLM
Moderna Museet Robert Mapplethorpe: black and white photos, ranging from portraits to nudes and erotic scenes, by the controversial New York artist who died of AIDS in 1989. Ends March 21. Closed Mon
STUTTGART
Galerie der Stadt The Rudolf and Bertha Frank Collection: 100 Expressionist Works, including paintings by Kirchner, Dix, Nolde and Kokoschka, from the collection built by two Mannheim art lovers in the inter-war years. Ends April 4. Closed Mon
Staatsgalerie Juan Gris: retrospective of the early Cubist. Ends Feb 14. Closed Mon
VIENNA
Künstlerhaus The World of the Maya: evoking the civilisation of the ancient central American people. Ends June 27. Daily
WASHINGTON
National Gallery of Art Contemporary Drawings and Prints from the Permanent Collection: works by David Hockney, Jasper Johns and others. Ends March 14. Daily
Phillips Collection Georgia O'Keeffe and Alfred Stieglitz: a conversation in paintings and photographs 1918-30. Ends April 4. Daily
ZURICH
Kunsthaus From the Treasuries *of Eurasia: Masterpieces of* Ancient Art. Ends May 2. Closed Mon

Military manoeuvres

Britain's army will remain stretched, says David White

They marched them up to the top of the hill, and they marched them down again.

Two years ago, the soldiers of the 1st Battalion, the Staffordshire Regiment, were camped out in Saudi Arabia, about to join the land campaign to liberate Kuwait. In April 1991, they returned to Fallingbostel in northern Germany. In November they moved to England. The following April they left their families again for a six-month tour in County Fermanagh, Ulster.

Now back in Chester, at full strength of 600, they were waiting to be merged in the autumn with the Cheshire Regiment when it returns from Bosnia, with another emergency tour looming eight months later.

That is what is meant by "overstretch" in Britain's army. Soldiers are supposed to get at least two years between emergency assignments. They have been getting about 15 months.

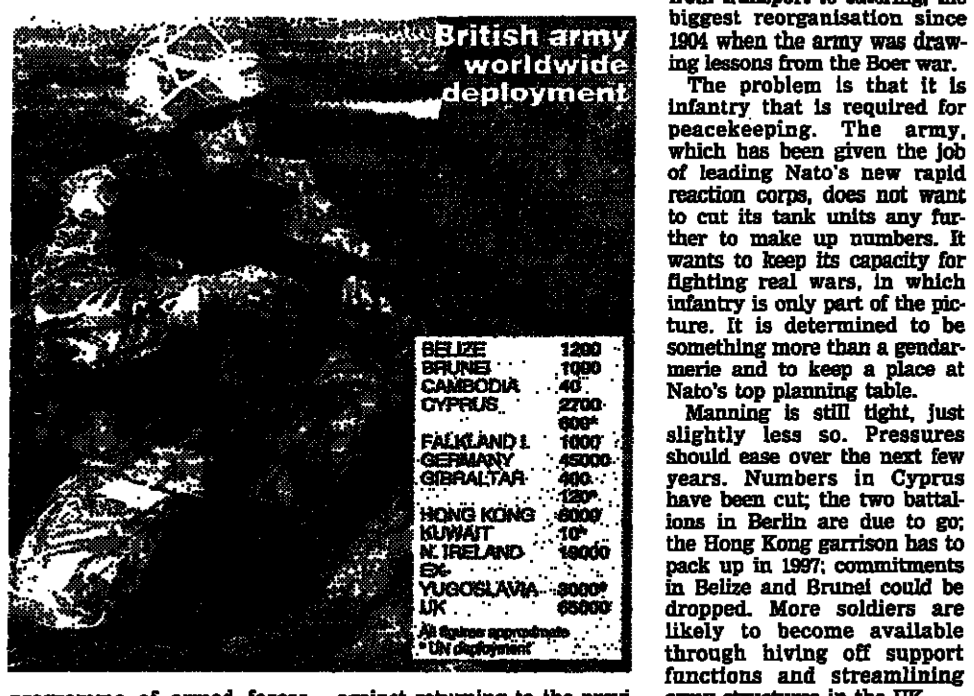
The Staffords were among four regiments saved this week from amalgamation. In 1991, they were unexpectedly included on the merger list. The reprieve came just as much out of the blue.

Mr Malcolm Rifkind, defence secretary, made his move as pressure was building up in Westminster for a more drastic scaling-down of army cuts. The all-party Commons defence committee was ready to launch a report calling for all the measures be put on hold.

Regiments are great stirrers of emotion, although there have been many amalgamations before. The Royal Scots, who until Mr Rifkind's announcement were set to merge with the King's Own Scottish Borderers, are a rarity in having survived intact since the 17th century.

The Scottish regiments – affected by one other merger and the loss of a guards battalion – and the Staffords, waged the strongest campaigns. By selecting regiments for reprieve, Mr Rifkind took the risk of opening a Pandora's box; over the next two years, there are 10 more armoured and infantry regiments waiting for amalgamations and three guards regiments destined to lose their second battalions.

The government has backtracked, but so far by no more than 2.6 per cent, retaining 3,000 more troops than it was planning for the mid-1990s, including 40 infantry battalions instead of 38. Defence ministers, who always stood firmly by their Options for Change programme of armed forces cuts, argue that its fundamentals have not altered. The 6,500 army redundancies due later this month, mostly voluntary and linked to ages and rank rather than individual units, are not materially affected.



The target first set in 1990 was an army of "around 120,000". Over the following year, the figure was trimmed to 116,000 – a reduction of 40,000 over three years. Army chiefs had fought for more battalions. The infantry that remained included two surviving Gurkha battalions of Nepalese soldiers, who have never been used for jobs like patrolling the streets of Northern Ireland.

Since taking over the Defence Ministry last April, Mr Rifkind has faced a difficult concatenation of circumstances. One of the premises of Options for Change was that the number of British troops sent to Northern Ireland would remain stable at about 10,500, with 10 regular army battalions. Early last year this was increased by two extra battalions, and Northern Ireland ministers are expected to argue against returning to the previous level. In the meantime, more than 3,000 troops have been sent to former Yugoslavia.

Much of the army, meanwhile, is tied up in reorganisation and withdrawal from Germany. Options for Change was meant to leave a margin for the unpredictable, but the margin was too small and the unpredictable came sooner than expected.

Then, with British troops newly arrived in central Bosnia, came the autumn round of public expenditure cuts, reducing the defence budget for the next financial year from more than £24bn to £23.5bn. The change in army plans adds £80m a year to some £1bn worth of savings Mr Rifkind has to find over the next two years. Cuts could hit RAF fighter squadrons and the navy's plan for a helicopter carrier, due to be ordered this autumn. Inter-service battles, which the government has tried hard to keep a lid on, are bubbling up again.

The army asked for some 6,000 more troops than it got, not so much to revive regiments as to bring depleted units up to strength.

Public controversy has focused on the infantry, but that is only about a quarter of the army. The rest, including tank forces, engineers, signals and artillery, also face heavy cuts. A new Royal Logistic Corps comes into being in April, merging five activities from transport to catering, the biggest reorganisation since 1904 when the army was drawing lessons from the Boer war.

The problem is that it is infantry that is required for peacekeeping. The army, which has been given the job of leading Nato's new rapid reaction corps, does not want to cut its tank units any further to make up numbers. It wants to keep its capacity for fighting real wars, in which infantry is only part of the picture. It is determined to be something more than a gendarmerie and to keep a place at Nato's top planning table.

Manning is still tight, just slightly less so. Pressures should ease over the next few years. Numbers in Cyprus have been cut; the two battalions in Berlin are due to go; the Hong Kong garrison has to pack up in 1997; commitments in Belize and Brunei could be dropped. More soldiers are likely to become available through hiving off support functions and streamlining army structures in the UK.

But the changes are unlikely to alter British military reservations about a full-scale peacekeeping operation in Bosnia without US participation. The French have more troops available, but their larger army is based on conscription. Of 4,700 French troops in former Yugoslavia, 39 per cent are national servicemen who have volunteered for foreign service. This could become a problem if they become more directly engaged in fighting.

In the area where the British army now escorts convoys, it is reckoned at least a brigade of 6,000 would be needed to oversee a ceasefire. The army could provide that, and more, but could not send fresh troops to replace them if the mission became permanent.

UN berets worn by British troops in Bosnia come in different shades of blue. The paler ones are mementoes of Cyprus. The UN went there in response to a crisis in 1964 and is still there almost 29 years later. It is the same lesson Britain has learnt in Northern Ireland – going in is always easier than getting out.

Joe Rogaly

Vaudeville days are here

Whew! That was close. The government got through Thursday with its trousers on. When we woke up, sterling seemed to be in free fall. It looked as if the pound was about to descend to Mr Norman Lamont's ankles by lunchtime. This would have diverted attention from Mr John Major's big speech of the night before.

I will come to that speech, but first let us return to the foreign exchange rooms. When they opened, nobody could think of anything the government might do to avoid a disaster. Sack the chancellor? Tempting, but six weeks ahead of the Budget such a move might suggest that the prime minister was not wholly confident of the truth of his supportive words of only two days previously. Raise interest rates? Technically correct, but implausible just a week after lowering them. Make a speech affirming the soundness of the government's economic policy? Be serious.

In the event, the Bundesbank came to the rescue. By reducing German interest rates just a fraction, it fractionally strengthened demand for the British currency. The chancellor's dignity was saved. With a sigh, ministers returned to their everyday task of appeasing Conservative backbenchers.

Mr Michael Heseltine, the industry secretary, went on calculating the optimum subsidy for the coalmines. He is already up to his waist in crumpled-up envelopes. Some, I fancy, bear drawings of Mr Winston Churchill – Mr Arthur Scargill's representative on earth – that fail to flatter the Conservative MP for Davyhulme. The defence secretary, Mr Malcolm Rifkind, reversed a few minor cuts in the size of the army and claimed, with straight face, that his U-turn would cost nothing. Mrs Virginia Bottomley, the secretary for health, lay tied to the rails by the British Medical Association, her face creased with alarm as the prospect of a capitulation over the closure of London hospitals steamed ever closer.

If you ask how long this vaudeville can continue the answer is "indefinitely". The government is hamstrung. Fate, that exquisite torturer, has placed Mr Major into Number 10 Downing Street on the strength of a small yet unreliable majority. He can never be sure of getting anything through the Commons. He must always be ready to grovel before one of its committees.

John Major's domestic agenda is a conventional mix of the beneficial, the harmless and the damaging

He cannot do much more to hasten the end of the recession. He is afraid of raising taxes to tackle the growing public sector deficit. Until the recovery is safely under way, the whispers about his and his chancellor's fitness for the offices they hold will persist. Yet there is no challenger for the Conservative leadership, and no sign that the Labour party is transforming itself into an alternative party of government.

It is against this background that we must evaluate Mr Major's address to the Carlton Club. It set out, plainly enough, the principles that make Conservatives stand up and salute: choice, ownership, responsibility and opportunity. "The modern Conservative party," he said, "is heir to both the great 19th-century political traditions: to the Whigs, in our free-market radicalism; to the Tories, in our belief in community and tradition."

As in all set-piece speeches, he then put it better: "We will carry forward the pursuit of economic liberalism, and the reinforcement of the social cement that binds us together."

Mr Major also listed existing government policies: "the Citizen's Charter, deregulation, privatisation, private finance, market-testing, openness". He affirmed his belief in the continuity of existing institutions, like the monarchy, Parliament, the unity of the United Kingdom, and "our churches and voluntary organisations". He initiated a fresh debate on the merits of asking people to work in return for unemployment benefits. The latter has already caused quite a flurry.

There is nothing wrong with this declaration by the prime minister to a receptive Carlton Club audience. If you consider its bits and pieces, his domestic agenda is seen to be a conventional mix of the beneficial, the harmless, and the damaging.

To take just three examples, the government's education reforms are excellent, the Citizen's Charter is neutral, and the continued assault on local democracy is scandalous. In some areas, such as his proud allusion to "people from ethnic minorities entering public life", Mr Major is ahead of many in his party. On this point he is exercising true leadership. In others, such as the kite-flying on "workfare", he is showing a degree of courage that Lady Thatcher could not muster when she was in charge.

What is missing is glue. The invocation of Disraeli and Burke is not a sufficient means of binding together a package of disparate policies, most of whose origins can be traced back to the Thatcher years. Talk of blending continuity and change is not in itself enough. "Our political strength," said Mr Major, "has always rested on our ability to keep a finger on the pulse of the British people." This is true, but the pulse beat of the 1990s is different from that of the 1980s.

Some of the reasons for that difference are evident. There is a growing fear of unemployment, which talk of workfare cannot by itself alleviate. The seemingly unstoppable advance of the welfare state cannot be indefinitely sustained by the working population. A growing proportion is ageing. Government by Whitehall and quango is no proper substitute for accountability to local elected authorities; London alone is in a state of disrepair that may one day soon be seen to constitute a crisis. Britain's century-long decline relative to other leading trading nations continues; political leaders must tell us whether they propose merely to manage a shrinking economy or whether they have found ways of reversing the trend.

Such topics would be fit subjects for a discourse by a prime minister who had time to spare. The luxury of a stable majority would also help. Neither advantage is available to the present occupant of Number 10 Downing Street. The Carlton Club speech is therefore the best available exposition of what Mr Major thinks he can get through the Commons. It set out a political programme. Some Conservatives hoped for more – for a "vision". For that they must wait until the vaudeville days are over.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Italy taxes patience

From D S Hague.

Sir, Your article ("Exporters warned of payment delays", February 3) on payment delays for UK exporters trading in continental Europe is a cautionary tale. But surely the greatest offenders in this regard are the Italian fiscal authorities, from which it seems to be well-nigh impossible to obtain refunds of VAT incurred in Italy.

I have experience of a claim totalling more than £30,000 for VAT incurred in 1989, which still has not been paid, despite chase-ups and reminders.

While EC directives abound, affecting the minutiae of the lives of the humblest European, it would seem that, in regard to VAT legislation, one of the member countries has no desire to comply. Is it not time for Brussels to bring the Italian authorities into line over this matter and insist upon Italy settling VAT claims promptly, as does the UK VAT authority?

D S Hague,
7 North Street,
Rothersthorpe,
Northants NN7 3JB

Mercedes-Benz an example to banks on cost-cutting

From Mr P E Forrest.

Sir, According to your article, "Making the leap out of the lap of luxury" (January 30), Helmut Werner, the new boss of Mercedes-Benz, indicated that the days are gone when the charging of premium pricing could cover up for costs that were too high.

Perhaps, in another context, the spokeswoman from one of the banks who said that they were losing money on any current account with a credit balance of less than £1,000 should be introduced to this line of conjecture. Banks have lived too long in a world where the answer to corporate happiness was to divide extant costs by the number of transactions and use the product of that equation as the basis for the price the customer should bear.

A hard look at the levels of waste of time, effort, resources and money involved in their calculation of costs might be a productive place for them to start rebuilding their justifiably tatty image.

P E Forrest,
chairman,
Aegis Group Marketing,
Aegis House,
The Mews, 1 Purser Road,
Northampton NN1 4PG

Massey case an example to Hoover

From Mr J Dennis Henry.

Sir, In October 1978, when there was a different UK government, Massey-Ferguson announced the closure of its Kilmarnock-based combine harvester factory, which then employed 1,509 people. The reason was, to quote Massey's president, Mr Victor Rice: "We had little choice but to concentrate all combine manufacture in Europe at M-F's other plant in France."

As a result, this factory of almost 1m square feet was closed and all production was transferred to Marquette. I do not recollect any resistance from France to accepting this work at the expense of workers in the west of Scotland.

The closure of this plant was handled most responsibly because the management went to the unprecedented length of paying for consultants to advise the unions on how best to make their case; so that the disagreements would be rationally based rather than emotional.

Massey Ferguson also paid for an international search for replacement employment; I was privileged to lead this team and we had some success. The union leaders appreciated that it was essential for the labour force to be seen to be responsible and so not discourage potential new employers from the area. We had none of the flag waving processions seen on TV which tend only to satisfy the needs of the leaders and which do nothing towards attracting new employment.

Now that the boot is on the other foot with Hoover, cannot the French unions and others accept the swings and roundabouts? After all, they are still well ahead on this basis.

J Dennis Henry,
11 Clydebrae Drive,
Bothwell,
Glasgow G71 8SB

Too much junk on the line

From Mr Iain C Baillie.

Sir, We have been subjected to a spate of advertising on the advantages of Yellow Pages. I have checked one line in my office which appears in business directories. A rough count indicated a ratio of about 40 solicitation calls from insurance sales persons, office cleaners etc to one "professional inquirer for our services". Of the professional inquirers, only a very small proportion turned out to be fruitful. Given the time that dealing with such solicitation takes up, and the blockage of our telephone facilities, I suspect that appearing in Yellow Pages results in our losing money rather than gaining business. There are ways of controlling junk mail – is there any way of controlling junk telephone calls?

Iain C Baillie,
20 Chester Street,
London SW1X 7BL

No number for a No vote

From Mr P H Prince.

Sir, I object in the strongest possible terms to your cunningly and contrived front page picture (February 3) regarding the launch of a telephone poll on the *Maastricht* treaty.

The fact that we can only read the Yes vote telephone number makes it impossible to register a No vote. You are not usually so biased.

P H Prince,
Prince Group,
24 Swanmead,
Hightown,
Ringwood,
Hampshire BH24 3RD

Long-term rates for mortgages

From Mr Jeremy Archer.

Sir, Building societies are currently facing funding problems as depositors find returns unattractive in a lower interest-rate environment. Some commentators are now suggesting that the resultant diminution in lending power may hinder the recovery. But why should building societies still be obliged to borrow short in order to lend long?

Why should home-owners take out 25-year mortgages and then dance to the tune of highly volatile short-term interest rates instead of the more predictable long end of the yield curve? The latter interest payment structure is normal practice in the US.

A change would be logical and would have the effect of smoothing the inflation statistics as well as assisting household budget planning.

Jeremy Archer,
100 Haldon Road,
London SW18 1QQ

Nuclear threat posed by dispute over the status of Kashmir

From Dr Ghulam Nabi Fai.

Sir, In your editorial, "Kashmir's plight" (January 25), you note that "the misery of Kashmir has tended to be forgotten amid the upsurge of disputes elsewhere. It should not be". This is absolutely correct.

The crisis in Kashmir has claimed many lives. As in Bosnia and Somalia, the majority of the victims of the Kashmir crisis are civilians, particularly women and children. These non-combatants have been targeted by military forces and suffer from chronic shortages of food and medicine.

But in Kashmir there is an added dimension to the crisis. This is that both India and Pakistan, which as you say have fought two wars over Kashmir and remain at loggerheads, are now believed to possess nuclear arsenals. As tensions rise again today, the continued hostilities between them pose a nuclear threat to the Indo-Pakistani region, and to the world.

The Bush administration had no policy for Kashmir. Its efforts to encourage nuclear non-proliferation were therefore doomed to failure since reducing the threat of a nuclear exchange in south Asia is inexorably linked to resolving the status of Kashmir.

How can one talk of disarming India and Pakistan when the cause of their tensions, the usettled status of Kashmir, was not up for discussion? Reducing the threat of a nuclear exchange in south Asia is inexorably linked to resolving the status of Kashmir.

Prime Minister John Major is to be congratulated for recognising this fact, and for seeking to bring about negotiations with Britain as the mediator. He should not be deterred by India's recent rebuff, and should also encourage the new Clinton administration to make Kashmir a priority.

Time is not on our side. Every day more and more atrocities are being committed by Indian security forces. Humanitarian considerations for action in Kashmir are tremendous. But the geo-strategic considerations are even more compelling. Kashmir's strategic location makes it a "nuclear trip-wire" for south Asia – a trip-wire more unstable than the threat posed by the nuclear arsenal in the Commonwealth of Independent States.

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FINANCIAL TIMES

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Friday February 5 1993

Short-term relief

THE BUNDESBANK'S decision to cut German interest rates yesterday was, in the words of Mr Jacques Delors, a good political signal. But it was a singularly confusing economic one, coming after hawkish rhetoric from Bundesbank president Mr Helmut Schlesinger. Earlier this week he declared that talk of persistently high interest rate policy in Germany "was the idle chatter of ignoramuses". It was a tenable view on Monday, and would have looked no less tenable today without the unexpected cuts.

While the German economy is stagnating, it is far from clear that inflation has peaked. Mr Helmut Kohl's solidarity deal with employers, unions and the state governments is not yet in the bag. The long end of the D-Mark bond market was not unnerved by this loosening of policy, but the Federation of German Chambers of Commerce attacked the move, worrying that price stability might become the victim of political expediency. This is not an extreme view in Germany.

The Bundesbank's action bears all the hallmarks of a hard-fought compromise. And this is, indeed, a battle in which the stakes are exceptionally high. After the speculative attack on the Danish krone and against a background of growing pressure on the French banking system, a cut of half a point in the Lombard rate and quarter of a point in the discount rate offers an immediate reprieve for the exchange rate mechanism and for its harder-pressed members. It also keeps alive, for the moment, the hope that monetary union has a future. But the relief, however welcome for the rest of Europe, is likely to be short term.

The Bundesbank has been prepared to accommodate pressure in the ERM before. But it still seems implausible that a body that has always made domestic economic conditions the primary focus of monetary policy will now emerge as a D-Mark lender of last resort to this semi-fixed exchange rate system. Even after the Bundesbank's modest gesture in the direction of interest rate disarmament, the French economy continues to suffer from phenomenally high real rates of interest and rising unemployment. And the franc still has to cope with considerable political uncertainty before and after the French elections in March.

As the strains within the ERM fail to go away, the search for scapegoats is becoming more noisy. Yet there is little point attacking the speculators when they are doing no more than highlighting inconsistencies of policy. The Germans mishandled unification; and the French commitment to the *franc fort* has meant that adjustment to the resulting shock has had to be taken in the real economy. To blame the currency markets is to shoot the messenger. Since there are unquestionably more messages in the pipeline, it would be helpful if the policy lesson were firmly grasped now.

On workfare

THERE IS nothing like a large budget deficit to focus the minds of politicians on how to constrain the government's welfare spending. Even at the best of times, societies cannot prosper if large and growing sections of the population subsist on state handouts. Mr Major is right to ask whether paying benefits "without offering or requiring any activity in return" is in the interests of either society or welfare dependents.

The prime minister is not alone in wanting to find ways to sharpen incentives for people to move from welfare dependency into employment, although the end of a lingering recession may not be the most politic time to voice the issue. President Bill Clinton has also talked of extending the scope of workfare schemes, which require unemployed US welfare recipients of working age, the large majority of whom are female single parents, to participate in community work or training schemes, in return for more generous benefits.

Nor, despite yesterday's howls of anguish from opposition frontbenchers and trade union leaders, will Labour be able to avoid confronting the fiscal and political difficulties which welfare-dependency throws up. Labour's Social Justice Commission will inevitably spend the next 18 months trying to find creative ways to attack poverty and spread opportunity against the electorate's desire not to pay higher taxes in order to fund universal and non-conditional benefits.

Yet proponents of compulsion must ensure that their schemes have the intended effects. Here the US experience spins a cautionary tale. While workfare has been the chosen method for encouraging welfare mothers back to work, unemployed American men without children receive little or no welfare support at all after the first six months of unemployment. The consequence is not a markedly higher employment rate among US men than in those European countries where unemployment benefits last indefinitely. Instead a growing minority of US men, particularly young blacks with poor educational qualifications, have chosen black market activities or crime over poorly paid employment.

Nor has the UK been immune from the effects of rising crime and drug use among the young unemployed as their relative wages have fallen and access to state benefits has been restricted. Linking benefits to participation in public works schemes for a nominal financial reward risks pushing more young British men out of legal society into crime.

The solution to the growing number of welfare dependents must, instead, involve some combination of better training schemes, the removal of tax and benefit obstacles to part-time employment and recruitment subsidies for hard-to-employ groups such as the young long-term unemployed. Only if attractive opportunities are provided does the government have a good case for compelling its citizens to accept them.

Housing policy

HOUSING associations have been at the forefront of the government's strategy for providing affordable homes for rent. They have shown themselves to be flexible, efficient and responsive landlords – unlike many of the local authorities they have supplanted. They have also been imaginative developers, raising the quality of social housing, and financing an increasing proportion of the cost by raising funds on the capital markets.

It is surprising, therefore, that the government should be planning to cut its funding to housing associations. Following the Autumn Statement, the grant paid to associations is to be reduced from 72 per cent of the cost of each new home to 55 per cent by 1995. This means that the proportion of the cost which must be raised privately will rise from 28 per cent to 45 per cent, a step which could undo much of the good work associations have done.

The first problem this causes will be in raising the private finance needed to complement government grant. It is unlikely that institutional investors will be prepared to provide the balance of 45 per cent of the cost against the security of a tenanted home. The Housing Corporation, the quango which supervises the housing associations, believes that only the most financially sound associations will then be able to borrow on the capital markets. It therefore proposes to reduce the number of associations which receive government grant for development from over 600 to under 100.

This reduction in the number of associations building new homes is undesirable. It will concentrate development among a few "premier league" associations, contrary to the government's aim of breaking up large social landlords. It will also exclude the smaller specialist associations which have catered successfully for students, single people and ethnic minorities.

Even more undesirable, however, will be the dramatic rises in rents needed to service the higher level of private funding. These rents will be beyond the means of low-income families unless they are on benefits. Housing association estates will become welfare ghettos, recreating the worst aspects of council estates that associations were supposed to avoid.

Worse, the government could find that the savings from the cuts in grant are wiped out by the additional housing benefit. That could lead to pressure to cut housing benefit, which might leave some tenants unable to pay the rent. Housing associations would then be further destabilised, while investors would be even less willing to invest in social housing.

It is not too late to avoid these outcomes. The reduction in grant is to be phased in over three years. The government should reconsider its plans, and think again about cuts which could reduce the quality of social housing and recreate the sort of no-hope council estates which housing policy has rightly sought to eliminate.

The Japanese government is confident of economic recovery, but adjustment could be painful and protracted, writes **Charles Leadbeater**

Financial therapy for a mid-life crisis

The heyday of the Japanese economic miracle is over. The days when Japan's financiers, manufacturers and retailers could revel in an economy growing at more than 4 per cent a year have gone, perhaps for good. Japan has become a mature economy.

Mr Naohiro Amaya, a former vice-minister at the Ministry of International Trade and Industry, one of the architects of Japan's success, put it this way. "Japan is particularly susceptible to the Peter Pan syndrome. Even though the economy is now adult, many people behave as if we are a child."

Mr Amaya believes the Japanese economy is beginning a long period of adjustment during which it will grow only slowly, a period which could last until the late 1990s.

The economy's main growth industries, cars and electronics, are facing a sharp fall in demand which is forcing them to reconsider their traditional high-growth strategies. The Japanese banks are burdened by bad debts which will take several years to clear. The nation's service sector is facing its first recession. Japanese consumer spending is flat after the conspicuous consumption of the 1980s.

If this view proves accurate then yesterday's 0.75 point cut in the official discount rate, to the historic low of 2.5 per cent, may not revive the economy, which the government forecasts will grow by only 1.6 per cent in the year to March, down from 5 per cent two years ago.

Yet such opinion is in the minority amid the optimism which rules in most government departments and financial institutions.

The optimists argue that Japan is going through a cyclical downturn after the collapse of the speculative bubble economy of 1987 to 1989 when credit was cheap and share prices, land values and profits soared to record highs. Once demand recovers, fuelled by low interest rates and public spending, the optimists believe the economy should grow, from this autumn, by more than 3 per cent a year.

The next six months will show whether Japan is going to bounce back after recession or whether the economy needs structural reform over several years. The restructuring of the Japanese economy in the wake of the first oil shock in 1973 took four years. Will it take that long this time ?

The government is confident the economy will escape the need for root-and-branch reform, largely because it is engaged in an ambitious effort to shore it up. The interest rate cut is part of that effort.

By itself the discount rate cut will only have a limited impact on the economy. The biggest beneficiaries will be Japan's hard-pressed banks, which are facing mounting bad debts from speculative property lending. Lower official interest rates will reduce the cost of their borrowing from the Bank of Japan and so allow them to widen profit margins.

Yet even with the discount rate at an all-time low it is unlikely that the cut alone will revive consumer spending or investment. Corporate investment is being cut sharply because many industries have excess capacity as investments planned in the late 1980s come on stream at a time when demand is depressed.

Japanese households are such prodigious savers that their income from savings is more than twice their interest payments on borrowings. The cut in rates may discourage them from saving more but it will also reduce disposable income.

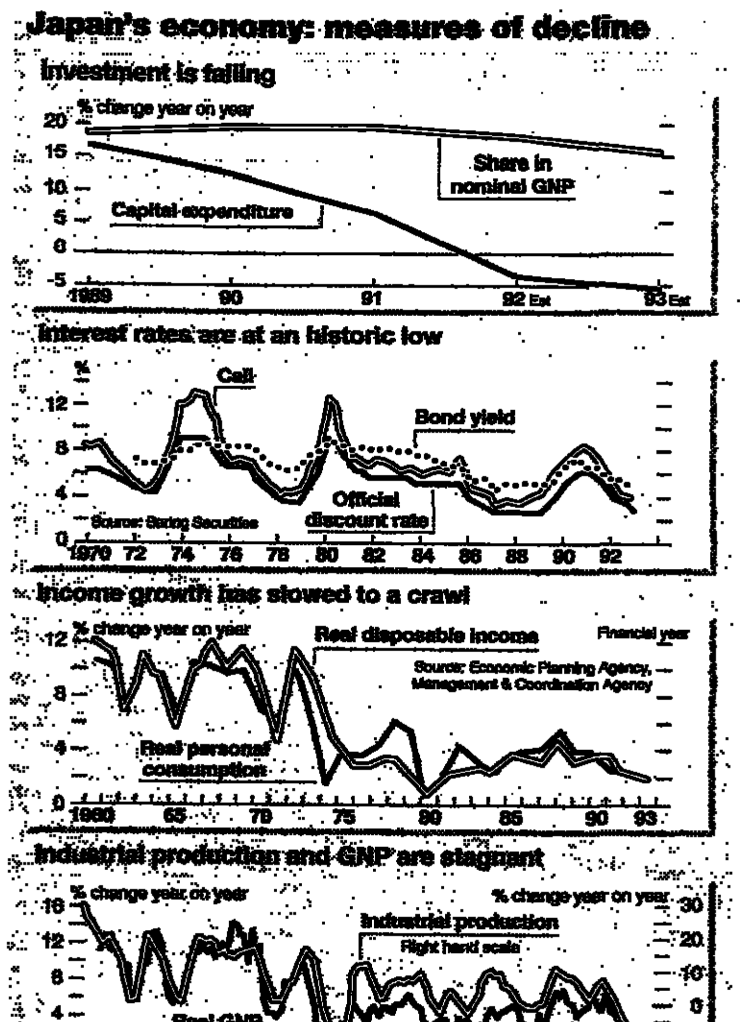
But more support for the economy is on the way, in the shape of public spending and tax cuts. The Y10,700bn (£60bn) emergency spending package approved by parliament last autumn is only just filtering through into the economy.

This year's budget, which increases overall spending by about 7 per cent, is due to be approved next month. A task force from the ruling Liberal Democratic party is drawing up plans for another emergency package, worth perhaps Y4,000bn, probably including tax cuts, to be announced this spring.

Mr Robert Feldman, chief economist at Salomon Brothers, the US stockbroker, believes this fiscal push is so large it will eventually revive consumption. The growth rate of personal consumption has halved from 2.6 per cent in 1991 to about 1.3 per cent this year.

According to Mr Feldman, the foundations for a consumer-led recovery are in place. Unemployment is still only 2.4 per cent, employment is still growing, albeit slowly, and compensation per employee is likely to rise this year by between 3 per cent and 4 per cent. He believes consumer spending should grow by close to 3 per cent this year, about the level of the mid 1980s. That should allow the economy to grow by 3 per cent this year and next.

The equation may not be that simple. First, there are doubts about whether consumption will respond to the fiscal stimulus.



This year's fall in consumer spending has mystified economists, mainly because the labour market remains tight and household finances are relatively healthy. Some obervers attribute the decline to a shift in tastes and attitudes. After the spending spree of the late 1980s many Japanese are going back-to-basics – simpler products which give value for money. The markets for electronics and cars are saturated after high growth in the late 1980s.

A second obstacle to recovery may be structural problems in finance and industry. Most Japanese corporations are facing a fourth year of declining profits. A recovery in corporate earnings is vital to fund renewed investment. But profits will only recover if Japanese companies tackle their costs, which grew rapidly in the 1980s.

The tight profit margins at many Japanese companies leave them vulnerable to a slight fall in sales. This is because their fixed costs and wage bills grew rapidly during the 1980s.

"Restructuring based on squeezing or reducing personnel costs is an urgent priority. In some cases survival is at stake," says the Japan Research Institute, a private sector research group. Cost reductions on the required scaled could take years, given the constraints of Japan's lifetime employment system.

The financial sector is in no better shape. The banks are facing mounting bad debts which could come to more than Y50,000bn, equivalent to about 12 per cent of gross national product. While they are trying to reduce their bad debts, lending could be curbed. Low bank lending is one of the main factors behind the recent unprecedented contraction of the money supply. So if consumption does start to pick up, a recovery might be stifled by the banks' inability to lend to promote growth.

One further uncertainty clouds the economic outlook. While the optimistic outlook prevails in government and the bureaucracy there is some disagreement about how to respond to the downturn. The Bank of Japan only agreed to the discount rate cut after the Ministry of Finance and the LDP exerted pressure.

More important, there is no agreement over the strategic aim of economic policy. LDP leaders want a strong recovery to secure victory in a general election due by spring next year. They also want to head off American calls for Japan to reduce its rising trade surplus by delivering higher Japanese growth.

But some senior officials at the Bank of Japan and the Ministry of Finance believe the high growth and cheap credit of the 1980s disguised and delayed the need for long-term restructuring to adjust to slower growth. As one finance ministry official puts it: "Companies made huge profits in the late 1980s, they should suffer some pain now. We have to learn that we are not like Korea; we are not a developing nation any more; we have to slow down."

But the longer the slowdown lasts, the more likely it is that Japan will be in for a painful, wrenching period of restructuring which could last into the second half of the decade.

Family emergency at heart of the UN

PERSONAL VIEW

There is a crisis in the international system for responding to humanitarian emergencies. To put it bluntly, when famine strikes, when conflict creates catastrophe, when refugees flee in large numbers, the international community cannot cope.

From the Iraqi Kurds, to Yugoslavia, to Somalia, humanitarian crises have provoked an important debate about the role and development of the United Nations. Yet that debate has covered every area except the one most relevant to humanitarian emergencies – the role of the UN's internal "family" of technical agencies.

All too often, the response of these agencies has been slow, bureaucratic and lacking in co-ordination. In the worst cases, they have been fatefully negligent. The recent history of the Horn of Africa provides several examples. When famine hit Ethiopia in 1984, for instance, there were hardly any contingency food stocks in place, because the UN agencies had ignored the previous year's warnings of impending shortage.

In 1988, when refugees from Siad Barre's brutal bombing of northern Somalia arrived in Ethiopia, their presence went undisclosed by local UN officials and many died before, in the wake of donor pressure, the UN began to give aid. Then, in 1991, the sight of the Iraqi Kurds perishing on mountain sides, and the delays and mistakes that characterised that relief operation, finally moved the UN and its member states to make cautious reforms. However, following the deaths of hundreds of thousands in the Somalian famine, these measures stand exposed as woefully ineffective.

It is the UN agencies' inability to deliver that is at the heart of their failures, not a lack of resources. Unicef, the children's fund, has a $755m budget. UNHCR, which deals with refugees, had around $550m in 1990. UNDP, whose brief is development but which often finds itself involved in emergency relief, had $1.4bn last year; and the World Food Programme (WFP) can dispose of the same amount in a two-year period.

It is this scale of resources, coupled with their status in the international system, which makes the UN agencies the pivotal element in the response to emergencies. When an emergency hits a developing country, the first line of defence is that country's own skilled workers

It is the UN agencies' inability to deliver that is at the heart of their failures, not a lack of resources

– its doctors, nurses, engineers and public administrators. But if the country or the affected region is already poor, they may be overwhelmed.

International non-governmental organisations can play a part in "supporting" them, but cannot step in to save whole countries or regions from disaster. In a large-scale emergency it is normal to look to the UN agencies for the requisite scale of relief supplies, logistical capacity, and expertise.

The member states of the UN have a right to ask whether they are getting value for the money.

Save The Children, which was closely involved in the emergencies discussed above, believes that a thoroughgoing review of the functions of the UN technical agencies is urgently required.

First, the *mandates* of these agencies should be re-examined. They were drafted, in many cases, more than 40 years ago, to cover the needs of the cold war era. They need updating both to incorporate increased understanding of the complex causes and dynamics of emergencies, and to cope with an era which for many parts of the developing world will bring insecurity, instability and dwindling resources.

Second, *co-ordination* must be made paramount. The clutter of overlapping responsibilities within the UN system must be cleared away. A single agency should be given the clear lead role in emergencies, and the UN enabled to act as an effective umbrella for the efforts of *all* workers involved.

Third, *accountability* must be introduced. All too often, failures are covered over, while those who voice criticism to try to improve things are disciplined or discarded.

Fourth, none of the above measures will have an effect unless the practical *performance* of the agencies in emergencies can be improved and confidence restored to the donors. This means, for example, ensuring that key posts are filled with people of proper competence as leaders and managers. It also means allowing much more autonomy to the good and experienced staff on the ground.

Finally, UN member states must recognise their own responsibility, not only to instigate reform, but to push it along through any obstacles, and to keep an oversight of the continuing performance of the technical agencies.

Nicholas Hinton

The author is director general of Save the Children Fund

OBSERVER

Who governs the BA board?

■ Today's meeting of the British Airways board will not be the last word in good corporate governance if all it does is confirm Sir Colin Marshall as executive chairman and promote Robert Ayling, a relatively inexperienced ex-civil servant, to be his number two.

A swift glance at the annual report shows that BA's board would almost certainly fail the spirit if not the letter of Sir Adrian Cadbury's corporate governance report. It badly needs beefing-up.

True, non-executive directors are in a majority. But on paper, at least, the current board doesn't look as well-balanced as it was when Lord King led BA into the private sector six years ago. Then there were powerful figures, such as Kleinwort's Bobbie Henderson and ex-Cadbury Schweppes boss Basil Collins, to keep a check on Lord King and Sir Colin.

Today, BA has two conventional non-execs in the form of CBI president Sir Michael Angus and Michael Davies, deputy chairman of TI. Lord White, Lord Hanson's US-based partner, and Hanson director Charlie Price, a former US ambassador to Britain, are somewhat less conventional.

The strong Hanson connection in BA's boardroom (Lord King and Lord Hanson also go back a long way) may be helpful for doing deals and calling in political favours. But the corporate governance lobby would query the wisdom of having two non-execs from the same company. It limits the range of perspectives available to challenge difficult corporate decisions.

Given that Lord White is 70 in May and Michael Davies has been on the board for a decade, the BA boardroom could benefit from an injection of some fresh outside blood. It shouldn't be hard to find able candidates – after all, one of the perks is free first-class travel around the globe.

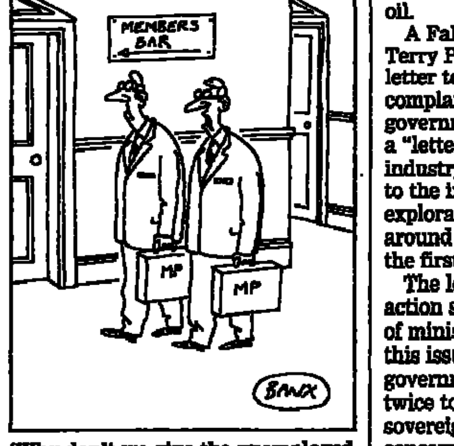
Bavarian exit

■ Poor old Wolfgang Bötsch. The newly-appointed German minister of posts and telecommunications, has only been in office for 10 days and he gets to hold his first big press conference to announce the licence for the new German cellular telephone network.

Other ministers would fight for a chance to please the electorate by announcing a deal promising 8,000 new jobs in the depths of a recession. But it wasn't such a jolly affair for Wolfgang because he had to choose a consortium from outside his home state of Bavaria. His home team, the Munich-based BMW and MAN, came a sorry second.

Bötsch, who used to be parliamentary leader of the Bavaria-based Christian Social Union, bent over backwards to explain his decision to his home crowd – not least that the decision was as good as made before he got near his office.

The minister cited endless experts who backed his decision – no less than 50 from outside, and 80 inside the ministry. But that sort of talk won't convince his more parochial fans.



'Why don't we give the unemployed their own regiment?'

Uncomfortable

■ Bad news for all of you who thought the dispute over the ownership of the Falkland Islands had gone away.

In fact it's set fair to return as a diplomatic nightmare as we approach the millennium, thanks to that cause of many past conflicts, oil.

A Falkland Islands' councillor, Terry Peck, has just sent an open letter to certain British MPs complaining that the British government has failed to provide a "letter of comfort" to the oil industry; this would have confirmed to the industry that a £6m oil exploration survey being conducted around the islands would be just the first step to full exploitation.

The letter says: "The lack of action stems from the reluctance of ministers to face Argentina on this issue. . . . The Argentine government has already written twice to oil companies claiming sovereignty over the areas concerned. Britain has done nothing to counter these claims."

Goodness knows what might happen were oil actually to be found.

Vazillating

■ In the way that accountants know best, Touche Ross has hit back at a group of disgruntled creditors to the collapsed Bank of Credit and Commerce International, whose cheerleader is Keith Vaz MP. Vaz had called for the removal of partners in the firm as liquidators to the bank, criticised their fees, the pace and the small size of the payout.

But in rigorous bean-counter fashion, Touche has retorted that without Vaz's vacillations, payouts would already have commenced, and would have been gathering $1m a week in interest. Thanks to the complainers, Touche has been forced to call a creditors' meeting in Wembley stadium at a staggering cost of £900,000.

Meanwhile, the firm insists that it is not still charging £1m a week in fees, as Vaz alleges – just a modest £700,000.

Happy days

■ Observer has not yet summoned up the energy to plough through The Insiders, financial journalist Judi Bevan's first attempt at writing a City pot-boiler. But if the tome is anywhere near as colourful as some of her sources, who turned up in force to help her celebrate Wednesday's publication, then it promises to be a good read.

Indeed, the launch party seemed to be more like a reunion for current and former merchant banking stars, City influence pedlars, plus a smattering of self-made businessmen.

In the neck

■ Does John Major wear a ready-made bow tie? It looked suspiciously like it when he appeared on the nation's TV screens last night. If so, a classless society may be closer than we think. Number 10 refuses to comment.

FINANCIAL TIMES
Friday February 5 1993

Output per hour rising rapidly in service sector

US productivity shows best gains in 20 years

By Michael Prowse in Washington

IT WILL not be long before people start talking about a "productivity miracle" in the US.

Figures released yesterday confirmed that output per hour in non-farm businesses is growing at its fastest rate since 1972. Productivity rose at an annual rate of 4 per cent in the fourth quarter of last year and by 2.7 per cent in 1992 as a whole.

This represents a sharp turnround after five years in which productivity growth averaged about 0.5 per cent a year.

In recent congressional testimony, Mr Alan Greenspan, the Federal Reserve chairman, claimed the post-recession US economy was a "different animal". If recent productivity gains were sustained, he said, the potential long-term growth rate might be substantially higher than the 2-2.5 per cent assumed by most analysts.

Mr Greenspan said the reasons for faster productivity growth were not fully understood but it probably reflected "accelerating advances in computer software and applications" that were making possible big gains in efficiency in all sectors of the economy. Capital investment in computer technology has soared in recent quarters.

The most encouraging aspect of yesterday's figures was the confirmation that productivity is now rising rapidly in service-sector companies (everything from banking and insurance to retailing and tourism), which account for about three quarters of economic activity.

Manufacturing productivity grew at an annual rate of 3.8 per cent in the fourth quarter, slightly slower than overall productivity, implying that service industries, if anything, are improving their efficiency even faster than manufacturers.

This is a new development. In the 1980s, US manufacturing productivity rose rapidly as companies came to terms with tougher global competition. Figures from the Organisation for Economic Co-operation and Development, for example, indicate that US manufacturing productivity grew by about 55 per cent between 1980 and 1991 compared with gains of less than 40 per cent in Japan and Germany.

But inefficiency in the US service sector meant that overall productivity growth was only about a third of the average 1.5 per cent a year pace in the industrialised world as a whole.

Better productivity figures also augur well for inflation because the growth of labour costs per unit of output is falling rapidly. Unit labour costs rose at an annual rate of 0.6 per cent in the fourth quarter and by 0.7 per cent in the same period in 1991, the smallest annual rise since the mid 1960s. If sustained, such low increases in unit labour costs could result in a fall in inflation below the consensus forecast of 2.5 to 3 per cent this year.

The surge in productivity growth explains a hitherto puzzling feature of the current recovery: the juxtaposition of extremely optimistic news on economic growth with depressing reports of big job cuts at leading blue chip companies.

For the first time since the second world war, the US is experiencing a "jobless recovery". Nearly all the growth of gross domestic product has reflected gains in productivity rather than rises in employment, which has barely moved since the end of the recession nearly two years ago.

Analysts are keenly awaiting today's employment figures for January in the hope they will show the beginnings of a revival in job creation. But the chances are the US will have to learn to love productivity-led growth.

German mobile phone link won by consortium

By Quentin Peel in Bonn

A CONSORTIUM headed by *Thyssen and Veba*, the German industrial groups, and including BellSouth of the US and Vodafone of Britain, was yesterday awarded the licence to develop and operate a new cellular telephone network in Germany.

The so-called E1 network in Germany is believed to be the biggest digital cellular network yet built. Total direct investment in the network is estimated at DM4.8bn ($2.9bn), and further indirect investments by suppliers worth a further DM3bn.

The network is expected to generate 8,000 jobs in Germany, of which 3,500 would be in the east, Mr Wolfgang Bötsch, the newly appointed German minister of posts and telecommunications, said yesterday.

The network is intended to cater for 3m subscribers by the end of the decade, and to begin operation initially in eastern Germany, based in Berlin and Leipzig, by the end of the year.

Mr Bötsch said the group had won by a clear margin from the only other competitor, a consortium headed by BMW, the Bavarian motor manufacturer, and MAN, the engineering group.

The new system will be the *third cellular telephone network* to be developed in Germany, and will compete directly with the C and D1 network operated by Deutsche Telekom, and the D2 system operated by Mannesmann.

The key difference is that the new network will operate at 1,800 megaherz, instead of the traditional but overcrowded 900MHz used by the existing systems. Germany will be the only country apart from Britain to use the higher frequency.

The Thyssen-Veba consortium was an unsuccessful bidder to develop and operate the D2 network, and there was a delighted reaction yesterday at the consortium's Düsseldorf headquarters.

Thyssen and Veba each have a 28 per cent stake in the venture. BellSouth, based in Atlanta, Georgia, has 21 per cent, and Vodafone, the largest cellular telephone operator in Britain, has 16 per cent.

Other partners include several east German enterprises, among them Minol, the petrol refining and distribution chain taken over by Elf and Thyssen, and the French banking group Caisse des Dépôts et Consignation. The latter is expected to help promote a European network based on the DCS 1,800 standard, according to a consortium statement.

A Thyssen official said the system would be built up initially in east Germany, covering 88 per cent of that area by 1995, and 77 *per cent on the west.*

One of the main requirements for the system was to put the initial emphasis in east Germany where telephone density is only 20 per 100 inhabitants, compared with 50 per 100 in the west.

Vodafone said the venture hoped to be making an operating *profit within four years. The* German cellular telephone market is seen as the European market with the greatest untapped potential, having only 1 per cent penetration of the population, compared with 8 per cent in Sweden, for example.

Mr Bötsch said the decision to *open the cellular telephone market* to a second private competitor would have the effect of promoting competition throughout the German telephone system, which is dominated by Deutsche Telekom, the state monopoly.

Dijon cleans up Scottish jobs in reversal of Hoover move

By Robert Taylor, Labour Correspondent

DIJON is getting its own back on Glasgow. In an ironic reversal of Hoover's switch of jobs from the French town to Glasgow, another multinational is to close the bulk of its Scottish plant and indi*rectly move jobs to Dijon.*

Nestlé Rowntree, the Swiss-owned food conglomerate, said yesterday it would close the chocolate bar production part of its plant in Glasgow over the next two years with the loss of 550 jobs. The production of its Breakaway and Blue Riband brands will be switched to the company's Fawdon plant near Newcastle upon Tyne.

As a result the company will move UK production of its Lion bar from Newcastle upon Tyne to its new Dijon plant where the European production of Lion will be concentrated on a large, technically advanced production line.

Nestlé Rowntree said it would look for a buyer for the 140 year old Glasgow plant, which would continue to make Gray Dunn chocolate biscuits. If a buyer could not be found the whole plant would be closed.

The announcement came less than a fortnight after Hoover's *decision to shut its Dijon vacuum* cleaner plant and shift production to Glasgow, and union leaders in Scotland last night denounced the Nestlé Rowntree move as a political manoeuvre to placate the French.

"I would need a lot of convincing that this is pure coincidence," said Mr John Glass, deputy divisional officer in Glasgow of the Union of Shop, Distributive and Allied Workers, whose members will lose jobs as a result of the Nestlé Rowntree closure.

Mr Mick Casey, a company spokesman said: "I cannot stress strongly enough that there have been no political trade-offs. The Dijon connection is pure coincidence. We have to make our products as competitively as possible." A spokesman for the parent company in Switzerland said: "We are not in business to satisfy the national ego of anybody. We are here to make money."

He said the decision to close the Glasgow plant originated in 1990 when the company closed its Noisiel plant outside Paris and moved to Dijon to "take advantage of economies of scale".

Nestlé Rowntree will shortly announce that it is moving the production of Quality Street chocolate from Dijon to Halifax in the west riding of Yorkshire. In the complex shifting of production the company insists there will be no overall loss of jobs.

Mr Glass said the union was told of the move in a written letter at 2pm yesterday. "There is no justifiable reason for closing the Glasgow plant. We intend to fight it all the way," he said.

A thousand workers from the French Hoover and *Grundig factories* marched on the European Commission headquarters in Brussels yesterday to protest against the move of their plants to Scotland and Austria, where wages and social benefits are lower

THE LEX COLUMN

Kingfisher dives in

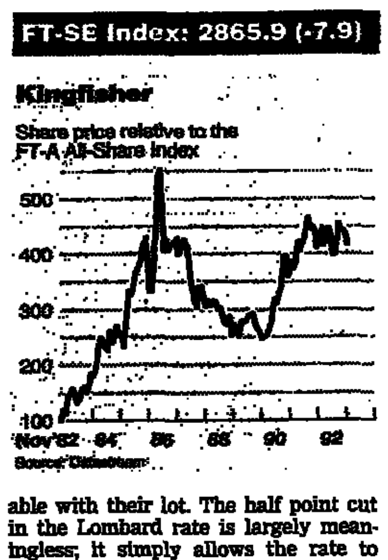
If the misunderstandings surrounding *the mere announcement of a possible* merger between Kingfisher and Darty are anything to go by, then the consummation of such a deal could prove a marriage made in hell. Though Kingfisher is being coy about the details, it appears embarked on a risky course. It could end up staking £1bn or so for a company about which it knows little, *operating in a country of which it* knows nothing.

A link-up with Darty would solve the strategic conundrum of what to do with the weakly-placed Comet. Darty is an attractive business. It is the clear market leader in France with operating margins that must embarrass Comet. In time, considerable operating benefits could develop.

The worry lies in the financial structuring of any deal. It seems improbable that Kingfisher would stage a heavy rights issue to fund the merger. It is more likely to offer staggered payments to lock in Darty's management, which owns most of the company. Darty's desire to secure its financial position is easy to understand. The French retail market is heading for tough times as the economy flirts with recession. Still laden with heavy debts from its buy-out, Darty's management may not wish to struggle through unaided. A stock market issue would be difficult. A merger with a deep-pocketed retailer must appear attractive.

In his 10 years at the helm, Sir Geoffrey Mulcahy has developed a near-legendary reputation for caution. It would be extraordinary indeed if he were to jeopardise it now when the downside risks are so glaring.

FT-SE Index: 2865.9 (-7.9)



Currencies

The Bundesbank clearly wrestled with its conscience to come up with yesterday's discount and Lombard rate cuts, but there is no escaping the importance of the signal it has sent to the markets. As with last month's decision to trim its money market repurchase rate, it has shown that, in the last resort, it will act to preserve the integrity of the ERM. Since yesterday's decision was unexpected by the foreign exchange markets, it is also an admission that the speculative attack on the Danish krone earlier in the week constituted a serious threat to the system as a whole.

With the Bundesbank in this mood, it will be difficult for speculators to justify renewed attacks. That does not mean ERM countries can feel comfortable with their lot. The half point cut in the Lombard rate is largely meaningless; it simply allows the rate to catch up with falls in money market rates that have already taken place. The substantial move is the quarter point cut in the discount rate. That leaves other European countries scant leeway to cut their rates. It must look particularly niggardly in France where real short-term interest rates are roughly 10 per cent.

To bolster Europe's economic prospects much larger cuts are needed. One has to hope domestic developments will soon allow the Bundesbank to be less cautious. The fear is that budget deficit worries, and the strength of the dollar, may slow the pace of future cuts. If the Bundesbank continues only to give just enough ground to hold the ERM together, the deflationary agony of its ERM partners will simply be prolonged.

Lasmo

The risk in yesterday's £127m assets sale by Lasmo is that it might give the company an excuse to maintain the dividend. The company has not only obtained a price significantly above book; the cash will also reduce Lasmo's interest bill and cut its gearing ratio to around 75 per cent. Had the dollar held at the level prevailing at the time of the interims, gearing would be even lower, possibly as little as 50 per cent.

That gives Mr Joe Darby, Lasmo's chief executive, room for flexibility, but development expenditure requirements will be high over the next couple of years. Production from Lasmo's existing assets will not peak until the mid-1990s. The exploration budget has *already been cut. The dividend costs* over £80m after allowing for unrelieved ACT. There is not an indefinite supply of peripheral assets which can be sold to meet the payment.

The relaxed performance of the shares since the resignation of Mr Chris Greentree suggests a dividend cut is already largely discounted. *Indeed, investors might be happier* with a strategy aimed at securing long-term growth out of Lasmo's undoubtedly valuable assets than with one offering them only short-term return. BP's share price is now higher than it was last June when Mr Bob Horton's resignation made a dividend cut inevitable. That partly reflects the *higher sterling oil price, but it also* shows the market can respond positively to the establishment of a dividend level in line with what the balance sheet will bear.

Japan

While the 0.75 percentage point cut in Japan's discount rate was no surprise, the authorities must be disappointed that the stock market actually fell on the news. Shares had rallied ahead of the announcement, but the equity market's lack of enthusiasm reflects more than cynicism over a stage-managed event. The recession has prompted a larger cut than the Bank of Japan previously wanted. Yet given the debt overhang from the "bubble" years, lower interest rates will take a long time to revive the economy. Even the expected second supplementary budget in May may not have much immediate impact.

With the Nikkei trading at around 55 times this year's earnings, shares look expensive. The market is trapped in a narrow range with government-sponsored pension fund purchases on one side and almost everyone else on the other. There is little to break the impasse, though the approach of the financial year-end in March may tempt those companies with long term *shareholdings to flatter this year's* profits with some judicious sales.

If the government does manage to hold the line, few will be tempted into the stock market. Individuals are still nursing large losses; institutions are seeking yield and security. Those prepared to look beyond the current recession see a period of slower growth in Japan. As Japan's economic prospects start to mirror the rest of the industrial world, its share ratings may have to follow.

Demerger plan for Daf in Netherlands and Belgium

Continued from Page 1

ple. Under the original restructuring plan, Daf would have concentrated on the manufacture of heavy and medium-sized trucks. *It would have attempted to find a* partner for the manufacture of light trucks, at present assembled at the Leyland plant with 2,200 employees.

Bankers said yesterday they believed MAN of Germany was the best partner for Daf in light trucks and were hopeful that talks between the two companies could be pursued.

Daf's restructuring plan was based in part on an investigation by the management consulting *firm A.D. Little, backed up by* financial estimates from accountants Coopers & Lybrand.

A confidential study by Coopers estimated that Daf's losses in 1992 were in excess of Fl 800m. This included a Fl 580m provision to cover restructuring costs.

Coopers and Daf also estimated that Daf needed to raise finance of Fl 800m in 1993, followed by Fl 500m the following year and Fl 250m in 1995. These funds would have had to be provided by the *company's banks, its holders of* preference shares and debentures, together with the Dutch government and the Flemish regional authorities.

Any demerger would need to be approved by the group's banks, principally a consortium of nine led by the Dutch bank, ABN Amro, which is the biggest lender to Daf.

Daf confirmed that it had received a short-term bridging loan from its banks and the *Dutch government to allow it to* continue trading for a month. It has received a loan of more than Fl 100m, including Fl 60m from the banking consortium, which includes three UK banks, National Westminster, Lloyds and Barclays.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
				Boulogne	Fg	-1	30	Frankfurt	Sn	-3	27	Majorca	F	14	57	Oporto	S	12	54	Tenerife	F	19	66
				Brussels	Fg	-1	30	Geneva	C	1	34	Malaga	F	15	59	Oslo	F	11	52	Tokyo	S	13	55
				Budapest	S	-3	27	Gibraltar	F	15	59	Malta	S	17	63	Paris	C	0	32	Toronto †	S	-6	21
Ajaccio	F	13	56	Buenos Aires	F	30	86	Glasgow	Dr	9	48	Manila	C	29	84	Prague	S	-3	27	Tunis	F	15	59
Algiers	F	13	58	Cairo	C	13	55	Helsinki	C	6	43	Melbourne	F	21	70	Reykjavik	F	-5	23	Valencia	R	10	50
Amsterdam	Dr	3	37	Cape Town	S	23	73	Hong Kong	S	24	75	Mexico City	C	20	68	Rhodes	S	15	59	Venice	S	12	54
Athens	S	16	61	Caracas	F	26	79	Innsbruck	S	10	50	Miami †	S	16	61	Rio d'Janeiro	C	39	102	Vienna	Fg	-2	28
Bahrain	R	15	59	Casablanca †	C	14	57	Inverness	C	11	52	Milan	S	11	52	Rome	S	15	59	Warsaw	S	4	39
Bangkok	F	31	88	Chicago †	S	-2	28	Islamabad	C	21	70	Montreal †	C	-12	10	Salzburg	S	-1	30	Washington †	S	4	39
Barcelona	F	11	52	Cologne	S	4	39	Istanbul	S	7	45	Moscow	C	3	37	S'Francisco †	F	9	48	Zurich	C	0	32
Beijing	S	6	43	Copenhagen	C	7	45	Jakarta	R	29	84	Munich	S	4	39	Seoul	S	7	45				
Beirut	S	12	54	Corfu	S	15	59	Johannesburg	F	25	77	Nairobi		–	–	Singapore	F	30	86				
Belfast	C	7	45	Dallas †	R	9	48	Lisbon	S	11	52	Naples	S	15	59	Stockholm	F	9	48				
Belgrade	S	-2	28	Dublin	F	9	48	London	C	4	39	Nassau	C	23	73	Strasbourg	C	-1	30				
Berlin	S	5	41	Dubrovnik	F	16	69	Los Angeles †	S	14	57	New Delhi	S	21	70	Sydney	S	36	97				
Biarritz	S	12	54	Edinburgh	C	10	50	Luxembourg	Fg	-3	27	New York †	C	2	36	Taipei	F	22	72				
Bombay	S	32	90	Faro	S	15	59	Madeira	F	17	63	Nice	S	15	59	Tangier	F	15	59				
Bordeaux	S	10	50	Florence	S	11	52	Madrid	F	8	46	Nicosia	S	14	57	Tel Aviv	F	9	48				

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

FINANCIAL TIMES
COMPANIES & MARKETS
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Friday February 5 1993

INSIDE

French defence sector joins up

France's powerful defence companies are closing ranks, on orders from the government, which wants to minimise research costs. The recent accord between Aerospatiale and Dassault Aviation, has signalled what is the first restructuring of French military industry in 20 years. Page 14

Telegraph offloads Trinity stake

The Telegraph has sold its near-13 per cent stake in Trinity International, the publishing group, for £26.8m ($40.5m). Like Telegraph chairman, Mr Conrad Black (left), Trinity owns a string of small papers in Canada. The sale, to a wide range of UK institutional shareholders, suggests Mr Black has conceded he now has little chance of winning control of the company. Page 18

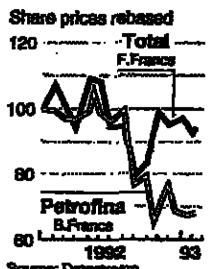
Campbell gains 53.6% of Arnotts

Campbell Soup, the US food group, claimed victory over Arnotts, the Australian biscuit maker, after its hostile takeover offer was accepted by the AMP Society, Australia's biggest financial institution. AMP said it had sold a 5.3 per cent stake in Arnotts, which increases Campbell's stake in Arnotts to 53.6 per cent. However, Campbell will be prevented from taking control of Arnotts. Page 15

Nippon Loan rescue at risk

An agreement by Japanese banks to bail out Nippon Housing Loan, a troubled property finance company, is in jeopardy following a refusal by agricultural credit institutions to accept a cut in interest rates on loans to the company. Nippon Housing Loan, founded by nine commercial banks in 1971, has an estimated Y1,300bn ($10.5bn) in non-performing loans arising from the "bubble" era of the late 1980s. Page 15

European oil shares languish



Share prices for many European oil companies have been languishing. Low oil prices and chronic overcapacity in refining and marketing have eaten into profit margins. Petrofina, the Belgian group, is to halve its forthcoming dividend after a sharp drop in profits, while Total, the French oil company, is also expected to report reduced profits. Back Page

Glut squeezes orange profits

Orange farmers in the sunshine state of Florida face "one of the worst seasons in memory", according to the state's citrus growers' association. Expectations of near-record harvests in Florida and Brazil have pushed prices paid to growers down to their lowest levels since the 1950s. Page 28

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Beiersdorf	695	+	12	Bancaire Cie	464	+	23
Heidelb Zem	975	+	19	Docks de France	401	+	14
Lahmeyer	644	+	10	Pernod Ricard	383.9	+	12.8
Rheinelektra	875	+	25	Saint Gobain	504	+	13
Falls				Schneider	645	+	26
Badenwerk	278	–	7	Falls			
MAN	284	–	6	Coparex	585	–	30
NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Allied Signal	64¾	+	2⅞	Gajoen Kanko	238	+	20
Chrysler	39½	+	⅝	Kokoku Steel	208	+	18
Ford	49¾	+	2	Meisei Elec	280	+	26
Falls				Sumikura Ind	5900	+	700
Gen Motors	37⅞	–	1¼	Falls			
Merck	38	–	1⅛	Carolina	240	–	21
Waste Man	35½	–	4	Nitto Kako	211	–	17

New York prices at 12.30.

LONDON (Pence)							
Rises				Smith (WH) A	428	+	16
AMEC	85	+	8	Suter	131	+	6
Acorn Comp	118	+	39	Tadpole Tech	349	+	23
Bellway	360	+	20	Falls			
Border TV	102	+	6	Alexon	77	–	6
Countryside	125	+	7	Allied Leis	63	–	5
ERF	255	+	24	Br Aerospace	278	–	9
GUS A	1644	+	39	Compass	561	–	33
Haynes Publ	320	+	32	Hi-Tec	59	–	8
Invergordon	272	+	13	Kingfisher	538	–	20
Lasmo	168	+	5	Northern Foods	263	–	8
Misys	479	+	20	TSB	169	–	8
Racal Elect	183	+	5	Trinity Intl	323	–	13
Slough Est	190	+	13				

KLM plunges and warns of heavy losses

By David Brown in Amsterdam

KLM Royal Dutch Airlines yesterday announced a large increase in third-quarter net losses and warned of likely substantial losses for the full year.

The announcement contributed to continued nervousness and uncertainty on the Dutch stock exchange in a business week that has seen the financial collapse of DAF, the truck maker now in receivership, and a further worsening in the liquidity of Fokker, the aircraft manufacturer.

In addition to its third-quarter losses KLM separately announced a decision to defer acceptance of two aircraft and cancellation of its options on two Boeing 737s, worth a total Fl 750m. At the same time, it revealed plans to lay off a further 500 employees.

The increase in KLM's third-quarter losses from Fl 8.6m ($4.6m) to Fl 437.8m, which greatly exceeded analysts' expectations, was largely caused by operating losses suffered by its US partner, Northwest, amid the American fare price war. But it also reflects fierce competition, weakening margins, and sluggish economic activity worldwide.

KLM has taken a substantial third-quarter extraordinary charge of Fl 305m, thus writing down the remaining book value of its 20 per cent stake in Wings Holdings, Northwest Airline's parent company, after a total investment of $400m since 1989.

KLM's share of Northwest's third-quarter losses were Fl 49.9m, down from Fl 87m. Following the writedown, KLM said that further Northwest losses will no longer affect its results.

The two airlines will continue with their co-operation pact, announced last December after KLM contributed $50m of a $250m bridging loan to the financially troubled Northwest. In Europe, meanwhile, negotiations were continuing between KLM, SAS, Swissair and Austrian Airlines, aimed at forming a closer relationship.

For the nine months ending December 1992 KLM posted a net loss of Fl 229.3m, against a profit of Fl 319.8m last time. Operating revenue advanced 7 per cent from Fl 6.03bn to Fl 6.45bn, while overall expenses rose 10 per cent to Fl 6.09bn.

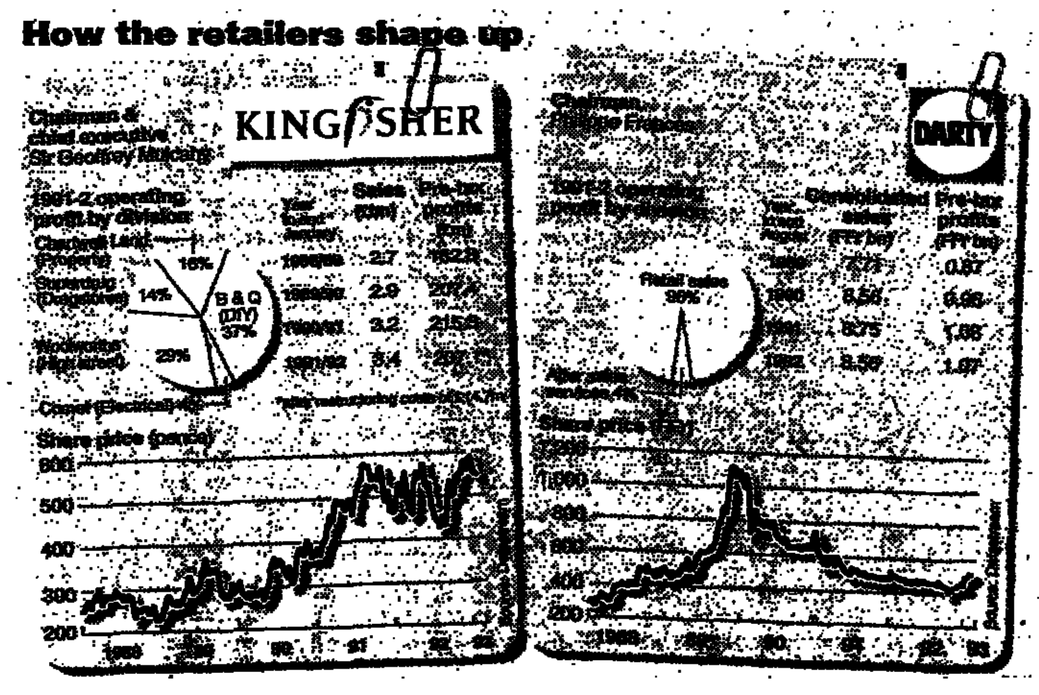
Interest costs swelled from Fl 174.5m to Fl 265.4m. KLM's traffic increased 30 per cent, but revenues in the third quarter remained stagnant.

Northwest deficit, Page 15

Maggie Urry and **Alice Rawsthorn** on what a Kingfisher-Darty merger may hold

Retail monarchs in search of global empires

How the retailers shape up



MERGER talks between Kingfisher of the UK and Darty of France, revealed yesterday, add weight to theories of the increasingly global future for retailing.

The industry was once seen as a purely domestic one, pandering to national tastes and habits which might seem odd in others' eyes. Attempts by successful retailers in one country to translate their formula to another have often failed.

But there are notable successes, such as the Ikea furniture chain and the Benetton fashion retailer. Now more retailers are trying to break through national boundaries. Many continental European retailers have already crossed borders, although UK groups have taken longer to leap the Channel. Just before Christmas Tesco, the UK food retailer, paid £175.6m ($265.15m) for Catteau, a supermarket chain in northern France.

Sir Geoffrey Mulcahy, chairman and chief executive of Kingfisher, made it plain last September that Kingfisher was keen to expand in Europe, and he clearly believes he can succeed where other UK retailers have failed.

Mr Nigel Whittaker, Kingfisher's corporate affairs director, said yesterday that "the object of this deal is to gain a major profile in the single market".

The plan is simple. Darty is the leading French electrical retailer, with 130 stores and 12 per cent of the market for white and brown goods. Since the group's creation in 1957 by the three Darty brothers – Bernard, Nathan and Claude – the stores, with their distinctive red and black signs and warehouse-style interiors, have come to dominate the sector.

Darty wants to expand in France and the rest of Europe, but it has been held back by heavy debt from its 1988 management buy-out. It is battling with new competitors in electrical retailing, notably the powerful hypermarket groups such as Carrefour and Promodès.

Like the rest of the French retail sector, Darty has for the past year also been struggling against the economic slowdown. If anything, the electrical sector has been harder hit as depressed consumer confidence affected sales of big-ticket items.

In its last financial year Darty's sales and profits slipped despite opening seven new stores, and at last week's annual general meeting Darty warned that it would "find it difficult" to maintain profits this year.

This might make Darty look an unattractive target for Kingfisher. But it has its problems too. Its failed bid for Dixons in 1990 must have been a warning to Kingfisher that it was reaching its limit in the UK.

Its talks with various European retailers – its name has been linked with Castorama, the French do-it-yourself group, and Woolworth in Germany, among others – have so far come to nothing.

If the purchase of Darty goes through it would open up new horizons for Kingfisher. Its financial muscle could give Darty the power to expand, while extending the Kingfisher empire. Further, a tie-up would give the enlarged group a much better bargaining position with the suppliers, which are increasingly multinational groups such as Philips-Whirlpool and Bosch-Siemens.

Meanwhile Darty's management skills might be welcome at Comet, Kingfisher's UK chain and the smallest profit contributor in the group. Darty's margins are, Mr Whittaker believes, the best of any electrial retailer in Europe or the US.

This all looks rosy. So is Kingfisher likely to be tempted into overpaying for Darty? It would not be in Sir Geoffrey's nature to become carried away by any deal, especially one which has been under discussion in one form or another over four years.

Further, Kingfisher has clearly done its homework on Darty and is aware of some bargaining points in its favour.

Darty's need to free itself from its management-buy-out debt is pushing it either to a merger or a flotation on a stock market unlikely at present to give a warm welcome to a retailer.

Kingfisher must also be fully aware of the problems the French retail sector is suffering, having experienced similar economic conditions in the UK. It can use forecasts of another sluggish year for the French retail sector in its bargaining.

It can also point to many other recent French mergers and acquisitions, such as moves in the hypermarket sector where Carrefour bought Euromarché and Montlaur, and Casino acquired Rallye. The department store sector has been shaken up by the takeover of Au Printemps by the Pinault industrial group.

The fall in the pound against the French franc will also come into the bid equation.

Although neither side will be drawn on the likely value of the deal, suggestions that Kingfisher would match Darty's stock market value of FFr7.9bn ($1.47bn) plus its debt, have been implicitly denied. The figure now being touted is £1bn, including the debt, although currency movements and other details yet to be agreed could make a considerable variation either way.

If the bid is agreed will Kingfisher join the list of successful international retailers? Mr Whittaker's arguments in favour are that Kingfisher would be buying a market leader, with growth prospects, and a management motivated by the terms of the deal to stay with the new owners. Perhaps most important, Kingfisher will not be trying to export a UK formula.

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Key dates

Kingfisher

- 1982 £310 management buy-in of Woolworth
- 1984 buys Comet; 1987 buys Superdrug
- 1990 bid for Dixons blocked

Darty

- 1957 Founded by the Darty brothers
- 1976 Flotation on stock market
- 1988 Management buy-out from Darty family

New plea to Japan to reform markets

By Robert Thomson in Tokyo

THE JAPANESE government was urged yesterday by international and domestic financial institutions to increase the transparency of markets and encourage competition to ensure the longer-term health of the troubled financial system.

An industry committee comprised of 22 companies ranging from Barclays Bank to the Industrial Bank of Japan and Merrill Lynch, the US securities house, said tight regulation had "hindered the free play of the market mechanism" and blocked the entry of new securities products.

The Committee to Make Tokyo Financial Markets More Transparent and International (CTTI) said the cosy relationships between regulators and some large Japanese institutions have also created a lack of transparency, leading to inconsistent policy decisions by the Ministry of Finance.

It is intended that the committee's report be used by the Japanese government as a guide to financial reform, but there were divisions among the committee members, particularly among the Japanese and foreign brokers.

Professor Kazuo Ueda, the committee's co-ordinator, said the collapse of the stock market had led to a slowing of liberalisation in Japan, making it unlikely that there will be quick approval of the changes recommended.

"There will be a long-term negative impact on Japan if nothing changes," he said.

Foreign brokers complained that, in other markets, an action is allowed unless specifically prohibited, while in Japan, an action is not allowed unless specifically permitted. There was also a general complaint that unnecessary intervention has restricted the growth of the corporate bond market in Japan.

The CTTI found that only 12 of 25 financial instruments available in the US and EC are available in Japan, and that the use of administrative guidance in handling new products leads to "incongruous treatment of issues and issuers, with insufficient consideration for the interests of investors". There were similar complaints expressed about fund management in Japan.

The committee was concerned about the domination of underwriting by the four largest Japanese brokers, Nomura Securities, Daiwa Securities, Nikko Securities and Yamaichi Securities.

Lord King expected to step down as BA chairman today

By Paul Betts, Aerospace Correspondent

LORD KING is expected to announce today that he is stepping down immediately as chairman of British Airways at a board meeting which will confirm Sir Colin Marshall as his successor.

Lord King, who will become honorary president of the airline he has chaired for the past 12 years, was due to retire in July after the company's annual meeting. But the 75-year-old chairman has decided to leave early to ensure the continuity of the BA top management succession, which has been shaken by the company's involvement in a "dirty tricks" campaign against Virgin Atlantic, its smaller rival owned by Mr Richard Branson.

Sir Colin, who was recruited by Lord King as chief executive 10 years ago, is expected to take over immediately as the airline's new executive chairman. Mr Robert Ayling, head of marketing and operations, will take up a new post of managing director. Although Sir Colin will be in overall charge, he will not hold the two titles of chairman and chief executive as originally planned. However, the board is not expected to appoint a new chief executive officer, confirming Sir Colin's leadership of the company.

After its two public apologies to Mr Branson and a £610,000 ($976,000) High Court libel settlement, BA has been anxious to restore internal morale and its international reputation. However, Virgin is threatening to take further legal action on anti-trust grounds in the US if it fails to secure satisfactory compensation from BA for what Virgin claims is the commercial damage it suffered from the "dirty tricks".

BA is also facing a growing campaign from the big three US carriers – American Airlines, United Airlines and Delta Air Lines – which are lobbying the new US administration to block BA's equity partnership in USAir, the sixth-largest US airline. In a letter to Mr Federico Pena, the new US Secretary of Transportation, the chairmen of the big three US carriers yesterday referred to BA's "recent admissions of anti-competitive behaviour" against Virgin as one of the reasons for holding a public inquiry into the BA-USAir deal.

US groups renew attack, Page 15; Northwest deficit, Page 15

Travelers bolsters loan reserves

By Nikki Tait in New York

TRAVELERS, one the largest US composite insurers but beset by a troubled property portfolio, yesterday said it would step up sales of foreclosed property assets as the US property market recovers.

As a result of this and the need to comply with a new fair value accounting requirement, the company was bolstering property and mortgage loan reserves by a further $735m, and warned it would post a $858m after-tax loss for 1992.

Mr Edward Budd, Travelers chairman, claimed the strategy was designed to "take early advantage of emerging liquidity developing in real estate markets".

It would allow Hartford-based Travelers to redeploy investment funds tied up in ailing property into assets offering a better return.

Over the past four-and-a-half years, the company has shed some $1.4bn of foreclosed property assets. However, at end-1992, its mortgage loan and property portfolio stood at $13.6bn (before valuation reserves). Of this, $5.1bn-worth was classed as underperforming and $2.3bn-worth as underperforming in the foreclosed category.

To reflect the disposal strategy and the accounting standard – which requires the company to account for the foreclosed property held for sale at fair value – Mr Budd said Travelers had written down almost all of its foreclosed property assets and provided for disposal costs.

It had increased the provision for mortgage loans which might be affected by the new strategy.

As a result, the loss provision ratio, relating to the underperforming property portfolio, stands at 38 per cent, and Travelers' total mortgage and property reserves are about $1.5bn. At end-1991, the reserve for potential property-related losses was $909m.

The increased provision will cause Travelers to post a net loss of $589m in the fourth quarter, and a $658m deficit – equivalent to $6.51 a share – for the year. In 1991, the company reported after-tax profits of $318m, or $2.97 a share.

Wall Street and the main rating agencies took the news calmly. Travelers shares rose $⅛ to $30⅞, while Standard & Poor's and Moody's confirmed their ratings. S&P said the confirmed ratings also reflected "expectations of significant earnings in 1993".

INTERNATIONAL COMPANIES AND FINANCE

Montedison close to sale of subsidiary to Procordia

By Haig Simonian in Milan

MONTEDISON, the loss-making Italian chemicals and agro-industrial group controlled by Ferruzzi, yesterday confirmed it was in the final phase of talks to sell an important stake in its profitable Erbamont pharmaceuticals subsidiary.

The likely buyer is Procordia, the Swedish pharmaceuticals group, which was rumoured to have been in talks on buying a stake last year.

Montedison gave no indication of the size of the stake for sale or the potential price. However, analysts believe the group, which is struggling to reduce its large debts by disposing of non-core activities, will give up majority control.

Montedison said the aim was to create one of Europe's biggest pharmaceuticals companies. Erbamont controls Farmitalia Carlo Erba, the leading Italian producer of prescription drugs. The group, which had sales of about L1,600bn ($1.1bn) and operating profits of about L250bn last year, is active in the US through its Adria Laboratories subsidiary.

Procordia's pharmaceuticals activities are conducted through its Kabi-Pharmacia arm. The operation, which specialises in drugs for growth problems, eye surgery and patient feeding problems, has annual sales of about L2,600bn. Erbamont controls Antibioticos, a smaller bulk pharmaceuticals business, with turnover of about L175bn, which is not expected to be included in the transaction.

In spite of its profitable agro-industrial and energy businesses, Montedison plunged into loss in the first half of last year as a result of the downturn in the world chemicals business and heavy interest payments on its debts. Apart from the sale proceeds, divesting a majority stake in Erbamont would allow the group to take about L1,000bn in Erbamont debt off its balance sheet.

SGS-Thomson returns to profit

By William Dawkins in Paris

SGS-THOMSON, the Franco-Italian state-owned semiconductor group yesterday revealed it swung into a $3m net profit last year from a $102.6m loss in 1991, and forecast a big improvement in 1993.

Mr Pasquale Pistorio, group president, said the group, the world's 13th-largest chip maker, had increased its share of the global semiconductor market slightly to 2.7 per cent from 2.5 per cent in 1991. The company, which is in its fifth year, said it needed to nearly double that to ensure long-term survival.

Mr Pistorio said his ambition was to achieve this towards the end of the decade through a mixture of internal growth and alliances with other electronics companies.

The world semiconductor market will nearly triple in size to $170bn, from $60bn, over this period, the group estimated. That implied that SGS-Thomson's sales needed to increase more than five-fold to $8.5bn over the next seven years from last year's $1.6bn. Group sales rose by 12 per cent last year, two points ahead of the market.

Demand for microprocessors and memory chips was rising fast in the US and Asia Pacific, the first phase of a recovery outside Europe, said Mr Pistorio.

The recently-agreed injection of $1bn equity from the French and Italian states would help boost growth. But the first $500m, due before Christmas, had not yet been received. Mr Pistorio was unworried.

SGS-Thomson also said it had yet to realise another of its strategic aims – to start making D-Rams (dynamic random access memories). These are the basic building block of computers and represent a far larger market than the Eproms (erasable programmable read-only memories) in which SGS-Thomson specialises and holds a 14.5 per cent market share.

Marriott earnings static at $85m

By Nikki Tait in New York

MARRIOTT the US hotel and food services group which has faced bondholder anger over a plan to split its management operations and property assets into two separately-quoted entities, yesterday reported static profits for 1992.

The company earned $85m after tax during the 12-month period, against $82m in 1991, after a slip to $19m from $27m in the fourth quarter.

Revenues for the year were $8.72bn, compared with $8.33bn while fourth-quarter sales totalled $2.78bn against $2.73bn.

The full-year and final-quarter figures for 1992 were struck after a $21m pre-tax charge covering "transaction costs associated with the plan to divide Marriott into two separate companies". Comparisons were muddied by property sales and other factors. It claimed underlying operating had increased by 11 per cent.

On the lodging side, Marriott said the underlying operating profit advance was 14 per cent. Occupancy rates rose in all four main segments of the lodging business, and average room rates improved in two segments.

Celcius ownership structure to be broadened

By Christopher Brown-Humes in Stockholm

CELCIUS, the Swedish state-owned defence group, moved a step nearer privatisation yesterday when the government announced plans to broaden the company's ownership structure and consider a stock market quotation within four months.

The government says the state will remain a significant shareholder in the group, but it is likely that its holding will be reduced to about 20 per cent if enough industrial and institutional investors are willing to buy the shares. Estimates of the market capitalisation range widely, with most falling between SKr2bn and SKr3bn ($276m to $415m).

The aim is to draw in industrial and institutional owners, rather than retail investors.

If carried through, this would make Celcius the second large Swedish privatisation since the government announced in 1991 that it was planning to sell off 35 state-owned groups.

Last year, the government sold off the big state steel group, SSAB, and three smaller companies.

However, a stumbling block could be the attitude of the opposition Social Democrats, who say they oppose a stock market listing for Celcius at this stage. The party gained a say in the privatisation process as part of a crisis package agreed with the government last September.

Mr Olof Lund, Celcius chairman and chief executive, said the group had decided in September 1991 that it wanted to broaden its ownership structure.

Since then, it has been carrying out internal restructuring, which has included the sale of its installation company Calor and the disposal of some real estate operations.

Mr Per Westerberg, industry minister, said: "A market quotation for Celcius gives the company the possibility to take an active part in the restructuring of the Swedish and European defence industry."

Even though Celcius is a defence company, there are no restrictions on foreign ownership.

Celcius made a profit of SKr345m on sales of SKr7.7bn in the first eight months of 1992.

Defence companies in France link arms

David Buchan looks at the first restructuring of the military industry for 20 years

FRANCE'S powerful defence companies are closing ranks, as their *quartermaster – the French* state – has told them to.

The most visible sign of what is the first restructuring of the French military industry for some 20 years is the recent accord between Aerospatiale and Dassault Aviation. The government has used its financial holdings in the country's two aircraft makers to force them into more industrial co-operation.

There have been recent shifts in other areas. SAGEM, a space and aeronautics company, has taken an 8 per cent stake in Dassault Electronique. CAP Sesa, the computer services company, has a co-operation agreement with the Matra defence arm of the new Matra – Hachette group.

Aerospatiale has set up with the state-owned SNPE a common subsidiary to work on missile propulsion. Potentially more far-reaching are the talks which Aerospatiale is holding with Matra and Thomson-CSF to mesh its missile division with one or other of them.

The squeeze on the French defence industry can be measured by the relief with which Dassault has greeted Taiwan's confirmation of its FFr4bn ($740m) order for 60 Mirage jets, and by the considerable risk which the French government is ready to run that China will retaliate by cancelling other business with France. The Taiwan contract is Dassault Aviation's first military export order in more than four years.

French arms equipment spending

	FFr (bn)	% GDP
1987	85.8	1.92
1988	90.8	1.99
1989	98.0	1.98
1990	102.1	1.91
1991	103.2	1.79
1992	102.9	1.72

Source: French defence ministry

In spite of this order, France's arms exports, which totalled FFr29bn in 1991, are well down on their mid-1980s level, without any compensating increase in orders from the French state.

The government is trying to give the industry a soft landing by keeping the equipment budget steady in nominal terms (FFr102.9bn last year). "But we will have to be more selective in the future; we can't have any more doubling up of research," says a senior adviser to Mr Pierre Joxe, the defence minister.

It was precisely to avoid research duplication that Mr Joxe decided that the state should at last exploit its 46 per cent overall stake in Dassault. He revived a state holding called Sogepa, set up in 1967 to hold the 20 per cent stake which the state then took in Dassault.

To that original Sogepa holding in Dassault Mr Joxe has added 16 per cent of the state's further acquisitions of Dassault in 1981.

However, the government has kept a direct 10 per cent stake in Dassault, with the right to one direct nomination to its board. At the same time, the government has put into Sogepa 25 per cent of state-owned Aerospatiale's equity.

The financial web has been completed by making Mr Louis Gallois, Aerospatiale's head, president of Sogepa with its decisive voice in Dassault, and by making Mr Serge Dassault vice-president of Sogepa and a board member of Aerospatiale. The point of creating this incestuous relationship is, says the defence ministry, that the two companies should conduct more of their research and commercial activities in common.

They certainly have large research departments. Dassault, for example, employs 3,200 engineers, a quarter of its total payroll.

Aerospatiale's larger commercial network could benefit Dassault, whose sales force has receded in line with its export orders.

France is still an important maker of missiles – about FFr20bn to FFr25bn a year. But it is not so important, says Mr Henri Conze, a former senior defence official who advises France's conservative opposition, that it warrants maintaining three producers – Aerospatiale, Thomson-CSF, Matra. "There are now seven missile companies in Europe, but there will only be two eventually," he forecasts.

Pierre Joxe: wants to end doubling up of research

At the centre of the manoeuvring is Aerospatiale, whose long-standing missile co-operation with Deutsche Aerospace is undergoing one of its cyclical drops, and which is thus seeking a domestic partnership, even partial merger, with either Thomson or Matra.

Each has its merits. Thomson makes radar/command and control systems into which Aerospatiale missiles could be integrated; Matra makes missiles, but of ranges that complement Aerospatiale's.

Just for that reason, Matra is nervous that Thomson may be planning to buy, from Bombardier of Canada, Short Brothers of Belfast.

The latter makes short-range missiles that could compete with Matra's.

With elections two months away, French defence companies could become a political football again, as in 1981 when the state took control of, or stakes in, Thomson, Dassault and Matra, and in 1986 when Matra was privatised.

A new conservative government would probably find Thomson relatively easy to make private because it once was so. Aerospatiale would be much harder to float.

However, Mr Conze believes privatisation is largely irrelevant.

Whatever their ownership, defence companies are effectively controlled by their customer – the state. The socialist government agrees. The crucial issue is forging international as well as domestic alliances.

"The real question is not whether French defence companies are privatised or nationalised," says one of Mr Joxe's officials.

"It is whether they should have their capital opened up to foreign partners."

US groups renew attack on BA deal

By Nikki Tait in New York

THE BEHAVIOUR of British Airways towards Mr Richard Branson's Virgin Atlantic is being cited by the "big three" US carriers as a reason why the US Department of Transportation should hold a full inquiry into BA's proposed tie-up with USAir.

The Virgin affair surfaces in the latest letter from the chief executives of American, United and Delta Air Lines to Mr Federico Pena, the new US transportation secretary. It resulted in British Airways settling a "dirty tricks" libel action last month, and paying damages to Virgin.

"Given BA's campaign last year to gain control of USAir, the timing of last month's transaction, BA's reference to potential additional investments in USAir of up to $450m, and BA management's recent admissions of anti-competitive behaviour against its largest UK competitor, the Department cannot accept BA's claim of non-control without a full and public inquiry," they maintain.

The missive is the latest in a war of words which followed BA's announcement last month that it had invested $300m in USAir in return for potential 19.9 per cent voting interest.

This new agreement between BA and USAir also allows the UK carrier to invest a further $450m over a five-year period if foreign control provisions permit, and is accompanied by plans for code-sharing by the two airlines, which they are seeking to implement from May 1.

BA and USAir have argued that the code-sharing arrangement, which would lead to some integration of their operations, is authorised by the UK-US aviation bilateral, following a revision in 1991 which allowed American and United into Heathrow.

However, the US carriers complained to Mr Pena that the Heathrow agreement did not address "the issue of code-sharing with a US carrier in which a British carrier holds a substantial equity interest".

"Furthermore, BA's equity stake in USAir constitutes precisely the kind of "changed circumstances" that the UK government invoked as a basis for extracting significant concessions as a prerequisite to permitting United's and American's entry into Heathrow.

"Since BA's proposal will have an "undue effect" on US air carriers, US denial of code-sharing authority is justified within the framework of the existing bilateral agreement."

The DoT, which is responsible for authorising the code-sharing agreement, has yet to decide how to proceed on the new BA-USAir tie-up.

It said last year that it would not have BA's earlier $750m investment plan for USAir.

Raymond named new chairman of Exxon

By Alan Friedman in New York

EXXON, the largest US energy group, said Mr Lee Raymond, the president, would be named this spring as the new chairman, succeeding Mr Lawrence Rawl, who will reach the mandatory retirement age of 65.

Mr Raymond, who is 54 and first joined Exxon as a production research engineer in 1963, will in turn be succeeded as president by Mr Charles Sitter, a senior vice-president and director of Exxon.

The retirement of Mr Rawl, to take effect on April 28, the date of Exxon's annual shareholders' meeting, may indicate a change of style at the top of the big US oil and gas company.

Mr Rawl is best known in the US as the Exxon leader who was harshly criticised by the media in 1989 for his attitude to the Exxon Valdez oil spill in Alaska, one of the worst US environmental disasters.

Mr Raymond, also a director of J. P. Morgan, the blue-chip New York bank, has held a wide variety of positions at Exxon and is active at the Council on Foreign Relations.

In the 1960s and 1970s, he worked at Exxon's US company and was later responsible for Exxon's international supply and transportation of petroleum products and crude oil and for running former Exxon affiliates in Aruba and Venezuela.

Between 1979 and 1981, Mr Raymond was president of Exxon Nuclear Company. He later presided over Exxon's operations in the Caribbean, central and South America, becoming president of the Exxon group in 1987.

Mr Sitter, who is 62, is responsible for Exxon's chemical business as well as the treasury and tax functions of the group.

Campbell gains 53.6% of Arnotts with AMP stake

By Kevin Brown in Sydney

CAMPBELL Soup, the US food group, last night claimed victory over Arnotts, the Australian biscuit maker, after its hostile takeover offer was accepted by the AMP Society, Australia's biggest financial institution.

AMP said it had sold a 6.3 per cent stake in Arnotts, reducing its stake to 2.2 per cent. This reversed AMP's earlier decision to reject Campbell's A$9.50-a-share offer, which values Arnotts at A$1.3bn (US$870m).

The society's change of heart increases Campbell's stake in Arnotts to 53.6 per cent, comfortably in excess of the group's target of 50.1 per cent. Further acceptances are expected before the bid closes today.

However, Campbell will be prevented from taking control of Arnotts by a shareholding agreement which prevents the US group from appointing a majority of board members unless it acquires 85.1 per cent of the shares.

The agreement was drawn up when Campbell took a friendly 33 per cent stake in Arnotts in 1985 as part of the company's defence against a hostile bid by Mr Alan Bond's Bond Corporation Holdings.

Mr David Johnson, Campbell's chief executive, said the group would encourage Arnotts to expand its presence in the growing Asian biscuit market, which it claims the Australian company has neglected.

Mr Johnson, who was born in Australia, said AMP's change of mind was "wise and responsible". He said it would serve the national interest by assisting Arnotts to grow.

Mr Bill Purdy, Arnotts' chairman, said he was "disappointed" by the AMP's decision, but claimed it was "out of the question" Campbell would gain control of the board.

The AMP move was criticised by family shareholders, who have campaigned strongly against Campbell's offer on the grounds that it would transfer control of important Australian consumer products to foreign owners.

Ms Alice Oppen, chairman of a shareholder lobby group and a descendant of one of Arnotts' founders, said Campbell must have offered "inducements" to AMP to change its decision.

She said family shareholders, who account for more than 20 per cent of the stock, would try to ensure that Campbell was unable to achieve control of the board.

Mr Leigh Hall, AMP's investment manager, said the society had accepted the offer because it believed that the bid would not be increased or extended.

AMP was "sympathetic" to calls for Arnotts to remain Australian-owned. But he said "Arnotts is now more than one-half foreign-owned and. . . Campbell will in any event have a considerable input into its operation.

"Given this position, AMP considers that the size of the minority Australian element is no longer a relevant issue." Arnotts shares closed 1 cent lower at A$9.51.

Goldstrike mine boosts American Barrick profit

By Bernard Simon in Toronto

AMERICAN Barrick, defying the gloom in the gold-mining industry, announced a near-doubling in 1992 earnings, an accelerated production schedule at its flagship Goldstrike mine, and plans to broaden its horizons to Latin America.

The Toronto-based company lifted net earnings to US$174.9m, or $1.22 a share, in 1992, from $92.4m, or 68 cents, the previous year. Revenues from gold sales soared by 57 per cent to $540m.

The strong improvement was almost entirely due to higher production and lower costs at the Goldstrike mine in Nevada. Goldstrike's output more than doubled to 1.11m ounces last year.

Output from all five of the company's mines rose to 1.33m ounces from 790,000 ounces. Aggregate cash costs fell to $210 per ounce from $305.

An active hedging programme held prices realised last year at an average $422 per ounce, well above prevailing market levels. Mr Greg Wilkins, chief financial officer, said yesterday output was fully hedged to the end of 1994 at prices above $400, and the company was now hedging between 20 per cent and 25 per cent of its output up to 2001.

Thanks to a co-operation agreement signed late last year with Newmont Mining, which owns deposits adjoining Goldstrike, Barrick forecasts its total production will surpass 2m ounces by 1995, five years earlier than the original target.

Barrick has also raised its estimate of ore reserves at Goldstrike's Betze-Post pit by 20 per cent, bringing the company's total reserves to 27.2m ounces. The estimated grade at Betze-Post has been revised upwards to 0.22 ounces per ton from 0.19 ounces.

Exploration work at Goldstrike will continue this year. Mr Bob Smith, Barrick's president, expressed confidence yesterday that "the final chapter on reserves at Goldstrike has yet to be written."

Yesterday's announcements pushed Barrick's share price up 37 cents to C$38.75 on the Toronto Stock Exchange. The company, which had its origins as a troubled oil and gas producer in the early 1980s, is ranked eighth in market value on the TSE, ahead of such traditional giants of Canadian business as Canadian Pacific and Alcan Aluminium.

Northwest Air deficit soars

By Nikki Tait

NORTHWEST Airlines, the fourth-largest US carrier in which KLM Royal Dutch Airlines holds a significant minority stake, yesterday reported an after-tax loss of $89.1m, before special charges, in the fourth quarter.

This compares with a $79.2m loss for the same period of 1991, and brings the after-tax loss for the year to $156m – substantially increased from the $3.1m deficit seen in 1991.

Including charges related to accounting changes, quarterly and annual losses for the airline operations were $207.2m and $383m respectively.

Meanwhile, NWA, the privately-owned parent company, incurred losses of $139m (against $164.3m) and $405.1m ($316.9m) in the fourth-quarter and 12-month periods respectively, with the charges excluded.

With the addition of these items, the deficit widened to $682.4m in the final three months of the year, and $1.06bn in 1992 overall.

Revenues were virtually unchanged at $1.93bn in the final quarter, but increased by 5.3 per cent for the year overall to $8.13bn.

Northwest's figures complete the results season for the leading US airlines. With the exception of Southwest Airlines, all carriers have shown heavy fourth-quarter and annual losses before the accounting-related charges.

Mr John Dasburg, Northwest's chief executive, summed up the prevailing view of the airline companies yesterday when he said the results "underscore the extremely difficult and predatory pricing environment in which this industry operated beginning in April 1992".

"The pricing environment and the slow economic recovery both domestically and internationally made 1992 the third bleak year in a row for this industry," he noted.

US retail sales continue to rise

By Nikki Tait

MOST big US retailers reported healthy sales gains in January – an extension of the trend late last year and further evidence the economy is pulling out of recession.

Retailers claimed promotions, such as heavy price-discounting, were less noticeable than in the same month of previous years, which should boost retailers' profits.

Mr Joseph Antonini, head of K mart, the large discount store chain reported: "Record sales and profits in December, as well as high sell-through of seasonal and apparel merchandise during the Christmas season, resulted in fewer clearance sales at mark-down price this January."

Mr William Howell, chairman of J. C. Penney, the Texas-based retailer, said: "During the month, we virtually sold out of winter merchandise, and early spring apparel sales posted good gains.

"Promotional activity was considerably below the level of last year," he added

Joseph Antonini of K mart: reports fewer clearance sales

Sales growth was spread across the retail sector.

Wal-Mart the largest stores group in sales terms which and operating operates at the discount end of the market, reported a 10 per cent rise in same-store sales last month.

Among specialty stores, The Gap, the fashion retailer, clocked up a 12 per cent improvement in comparable store sales.

Circuit City Stores, one the largest consumer electronics retailers, posted a 13 per cent advance in same-store sales.

Among the department stores, Federated, which takes in Bloomingdale's and The Bon Marche, had a 5.3 per cent sales advance.

May Department Stores recorded a 7.4 per cent sales improvement in its department stores. Neiman Marcus reported a 7.9 per cent improvement.

Sears, the large Chicago-based retailer, which recently announced the closure of its catalogue operation, recorded an 8.3 per cent advance in same-store sales.

There were laggards. Woolworth reported a rise of only 0.2 per cent in comparable domestic store sales in January.

K mart saw general merchandise sales dip by 0.7 per cent year-on-year, although the specialty stores division posted a 2.5 per cent improvement.

Fletcher wins 43% of Methanex

By Bernard Simon in Toronto and Terry Hall in Wellington

METHANEX, of Vancouver, will emerge as the world's biggest methanol producer and distributor under a deal to buy the methanol interests of Fletcher Challenge, of New Zealand. Methanex, whose biggest shareholder is Metallgesellschaft, the German metals and chemicals group, will pay Fletcher Challenge US$250m in cash plus 74m Methanex shares.

As a result, Fletcher will end up with a 43 per cent stake in Methanex, while Metallgesellschaft's interest will drop from 32 per cent to 10 per cent.

But the German group will have an option to acquire some of Fletcher's shares, and each group will have a right of first refusal on the other's shares.

The deal is conditional on shareholder and regulatory approvals as well as the completion of financing for the cash payment. Methanex also announced it was raising C$346m (US$272m) by selling 42m shares to an underwriting group of Canadian securities dealers.

Its purchase of the Fletcher assets, together with other expansion projects under way, will boost its annual production and marketing capacity to over 5m tonnes of methanol, or almost a quarter of world output.

Its leading facilities will be in North America, New Zealand, Chile and Trinidad.

The company said the plants being bought from Fletcher were among the lowest-cost facilities in the world and would "considerably" reduce Methanex's average production costs. Methanol is a key feedstock for production of methyl tertiary butyl ether (MTBE), used as an octane enhancer and oxygenate to cut emissions from motor vehicle engines.

Demand for MTBE is rising in the US following passage of the Clear Air Act in 1990, which requires the use of oxygenates in petrol.

Poor nickel prices hit Inco result

By Bernard Simon

SLIDING nickel prices pushed Inco, the West's biggest producer of the metal, to a deeper fourth-quarter loss, despite a vigorous effort to contain costs.

The Toronto-based company's loss reached US$28.9m, or 28 cents a share, up from a deficit of $5.8m, or 7 cents, a year earlier. Fourth-quarter revenues slid to $627m from $710m.

The latest figures include after-tax expenses of $9.7m for production shutdowns and $8.1m for severance pay.

The biggest drag on earnings, however, was a drop in average nickel prices to $3.01/lb in the final three months of the year, from $3.55 a year earlier and $3.47 in the third quarter. Copper prices were also lower.

The company ascribed the fall in nickel prices to the surge in exports from Russia and "reduced demand" in some consuming countries.

The fourth-quarter performance was the worst of the year and resulted in a loss for 1992 as a whole of $17.6m, or 21 cents a share, compared with earnings of $82.6m, or 74 cents, in 1991. Revenues for the year dipped to $2.61bn from $3.05bn.

Weak nickel prices have forced the company not only to cut back output, but also to tighten cost controls.

Nickel deliveries fell to 473m lb last year, from 507m lb in 1992. Fourth-quarter shipments were down to 122m lb from 125m lb. Gold shipments fell especially sharply, from 23,000 ounces to 9,000 ounces.

Inco said that its nickel unit production costs fell by 14 per cent in the fourth quarter against a year earlier.

Capital spending will be trimmed to about $225m this year, from $234m last year and $440m in 1991.

The company said it planned to further reduce costs.

Thai banks earn more after liberalisation

By Victor Mallet in Bangkok

THAILAND'S 15 commercial banks increased their overall net profits by 59.8 per cent last year to Bt31.10bn ($1.2bn), after a 25.4 per cent rise in 1991, according to figures compiled by Bangkok Bank, the country's largest.

Bangkok Bank attributed the strength of profits partly to financial liberalisation measures introduced by the Thai authorities, including the relaxation of foreign exchange controls and the easing of restrictions on new branches.

Banks have been allowed to engage in many new areas of business. Compulsory holdings of government bonds as a condition for opening new branches have also been reduced.

"All banks have been improving their efficiency to prepare themselves for the anticipated greater competition from both local and overseas commercial banks and other financial institutions," Bangkok Bank's research department said.

"Furthermore, several banks have been able to reclaim many of their bad debts, resulting in greater revenue."

One factor not mentioned in the report is the continued co-operation between Thai banks in maintaining wide spreads between deposit rates and lending rates.

Bangkok Bank said the assets, deposits, credits and capital of Thai banks last year grew at a lower rate than in previous years because of the moderate slowdown of the local economy and the world recession. Assets of the 15 banks were Bt2,589.5bn at the end of December.

Rates of return on assets were generally higher last year than in 1991, averaging 1.2 per cent against 0.87 per cent, with Bangkok Bank itself chalking up the highest figure of 1.58 per cent.

Bangkok Bank also had the highest rate of return on equity, at 23.25 per cent, compared with the average of 17.59 per cent.

Twelve of the banks reported much higher increases in net profit last year than in 1991. Bangkok Bank was one of the three exceptions: its net profit rose 45.3 per cent last year to Bt10.54bn, after a 54.7 rise in 1991.

Saudi British Bank plans flotation

By Mark Nicholson in Cairo

SAUDI British Bank, the Riyadh-based joint-venture bank 40 per cent owned by Hongkong and Shanghai Banking Corporation, is to float 1.2m shares on Saudi Arabia's stock market from February 13 to raise its paid-up capital by 150 per cent to SR1bn ($266m).

HSBC will buy a further 800,000 shares in the issue to retain its present holding.

Bankers in Riyadh said the shares would be offered at SR570, a SR100 face value price plus a premium of SR470. The bank will also offer existing shareholders 4m free shares, one-for-one, paid for from reserves. This is likely to halve the share's present market price, presently just over SR1,500, offering a substantial premium after the flotation.

Saudi Arabia's stock market has eased from its buoyant peaks last year, partly as a result of a slew of new issues, but bankers expect the Saudi British issue to be heavily subscribed. "Some extraordinary figures have been bandied around," said one.

Saudi British Bank, the Kingdom's fourth-largest, recently reported a 7 per cent rise in net profits for 1992 to SR268.1m, but sees last years' figures as the end of a period of recovery and restructuring.

The bank has doubled its balance sheet size since 1988 and is thought to require the additional capital to expand further. The bank says it is looking to capitalise on the continued buoyancy of both the consumer market and private sector in the kingdom since the end of the Gulf war.

Jury ruling could hurt GM

By Martin Dickson in New York

GENERAL MOTORS, the embattled automobile company, yesterday suffered a blow to its image and a potentially significant financial loss when an Atlanta jury ruled that it must pay punitive damages to the parents of a teenager who died in the fiery crash of a GM pick-up truck.

The case is part of a bigcontroversy over the safety of certain of GM's full-sized pick-up trucks. Critics claim that vehicles built between 1973 and 1987 were firetraps because the fuel tanks were side-mounted, outside the frame of the vehicle, and were likely to catch fire in side-impact collisions.

Numerous lawsuits have been filed against GM over pick-up truck accidents, and last month federal regulators opened an inquiry into the safety of the vehicles. GM insists the trucks are safe, but if the regulators decide otherwise it could mean the recall of some 4.7m trucks, at a cost to GM of millions of dollars.

The Atlanta case, which could encourage further costly legal action against the company, gained celebrity when a former GM engineer, who had previously testified on behalf of the car company, took the witness stand and alleged that GM had known for years that the trucks were firetraps.

The jury ruled GM must pay yet-to-be determined punitive damages to the parents of Shannon Moseley, the 17-year-old boy killed in the 1989 crash. They also awarded the plaintiffs $4.2m in a wrongful death claim.

GM said it was confident the inquiry by federal regulators would bear out its contention that its trucks were safe.

Flat quarter at Waste Management

By Laurie Morse in Chicago

WASTE Management, the multi-national environmental and sanitation services company, yesterday reported fourth-quarter operating results of $206.2m, or 42 cents a share, virtually unchanged from the 1991 fourth quarter of $207m, or 42 cents.

The 1992 figures exclude a 5 cent per share charge for restructuring at Brand Companies and Chemical Waste Management subsidiaries, while the 1991 results exclude a 37 cents a share one-time charge for environmental liabilities.

Fourth-quarter sales were $2.2bn, up from $2bn.

Mr Jim McDonald, securities analyst with the Chicago Corporation, said the results were slightly below Wall Street estimates because of an earnings shortfall at Chemical Waste Management, expenses related to an expansion in North American sales staff and unfavourable foreign exchange conversions.

For the year, operating earnings advanced to $828.8m, or $1.68 a share, from $773.4m, or $1.57, in 1991, excluding extraordinary charges and gains in both periods. Sales were $8.7bn, up from $7.6bn.

Colgate-Palmolive ahead 27%

By Martin Dickson

COLGATE-PALMOLIVE, the US consumer products group, yesterday reported a 27 per cent rise in fourth-quarter net income and a 14 per cent increase in earnings per share.

The company reported net income of $110m, or 66 cents a share, up from $86.9m, or 58 cents, in the same period of last year on sales 12 per cent higher at $1.77bn. The company had 14 per cent more shares outstanding in the quarter than a year before.

For the full year, Colgate reported net income of $477m, or $2.92 a share, compared to $124.9m, or 77 cents, in 1991 when the company took a $243m restructuring charge. Excluding the charge, income rose 30 per cent, while earnings per share were up 14 per cent on sales 16 per cent ahead at $7bn.

The 1992 figures were helped by the Mennen personal care business, which Colgate acquired early in the year.

Mr Reuben Mark, chairman, said each of Colgate's four main geographic regions achieved excellent growth, with the largest base business sales increases coming from Latin America and Asia/Africa.

Gross profit margins had set a record of 47.1 per cent, up from 45.6 per cent, as the company moved its product mix towards high-margin personal care products and invested in more efficient production.

In the fourth quarter household and personal care product sales rose 14 per cent to $1.53bn, while specialty marketing, which includes pet nutrition and healthcare, was 6 per cent ahead at $237.4m.

Caisse d'Epargne net slides 14% to FFr2bn

By Alice Rawsthorn in Paris

CAISSE d'Epargne, the French network of savings banks, yesterday highlighted the pressures on France's banking sector by publishing provisional results for 1992 which indicated a 14 per cent fall in net profits to FFr2bn ($370m).

Mr René Barberye, chairman of Caisse d'Epargne, the main savings institution in France, said the profits reduction reflected the financial impact of the company's attempts to modernise its activities by investing in new management systems and technology.

Net profits were FFr2.5bn on net banking income of FFr23.3bn in 1991, a year in which its overall costs settled at FFr17.8bn. Mr Barberye did not indicate the likely level of sales and costs for 1992 but said operating profits fell by between 7 per cent and 8 per cent during the year.

The profits warning from Caisse d'Epargne is the latest in a stream of gloomy announcements from the French banks, which are being squeezed by the dual impact of the economic slowdown and the crisis in the French property market.

Paribas, one of the most prestigious investment banks, last week announced that it had returned to the black with net profits of around FFr900m in 1992, but had been forced to make heavy provisions.

Omron joins Japanese trend on job cuts

By Michiyo Nakamoto in Tokyo

OMRON, the Japanese control component maker, joined the country's growing number of corporations altering their long-held employment practices due to the prolonged economic slowdown.

The company is reducing its workforce by 9 per cent over the next three years, said Mr Yoshio Tateishi, president. The company will reduce its total workforce of 16,000 by 1,500, but Omron plans to achieve this by natural wastage and by reducing its graduate intake.

Omron's taxable profits, hit by a fall in capital spending, were 80 per cent down to Y1.28bn ($10m) for the six months to September.

Rescue of Japanese property finance company in jeopardy

By Robert Thomson in Tokyo

AN AGREEMENT by leading Japanese banks to bail out Nippon Housing Loan, a troubled property finance company, is in jeopardy following a refusal by agricultural credit institutions to accept a cut in interest rates on loans to the company.

Nippon Housing Loan, founded by nine commercial banks in 1971, has an estimated Y1,300bn ($10.5bn) in non-performing loans arising from the "bubble" era of the late 1980s, when it became a leading lender to ambitious property developers.

The Bank of Japan and the Ministry of Finance have drafted a rescue package, in conjunction with Tokyo-based commercial banks, calling on each of the banks with exposure to Nippon Housing to accept a reduction in interest payments.

But the national executive of the prefectural credit federation of agricultural co-operatives said yesterday that it would not accept the proposal made by the central bank and the ministry, which expect institutions to lower rates to between 1.5 per cent and 3.25 per cent.

As commercial banks became wary of lending to Nippon Housing, agricultural institutions, looking for new customers, filled the gap as the property market was turning sour. About one-third of the housing company's debt of Y2,100bn was provided by these institutions, which were apparently unaware of the risk.

The involvement of politically-influential farmers' groups with Nippon Housing has made the rescue all the more awkward, as agriculture ministry officials have seriously proposed that the bail-out plan be linked to the opening of the rice market. Under that proposal, the farmers' groups would be repaid in full following an agreement to allow rice imports.

It is likely that the farmers' co-ops will eventually accept a small reduction in interest payments, but the delay in reaching agreement on the rescue is frustrating larger institutions, which see the Nippon Housing case as a model for seven other housing loan companies in need of urgent restructuring.

● Daiwa Securities, a leading Japanese broker, said yesterday that it would support a troubled small broker, Marukin Securities, by accepting 95 per cent of a Y655m third-party share allotment. The agreement appears to set an important precedent for assistance by large Japanese securities houses to ailing small brokers, which have suffered most from the share price collapse.

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Bundesbank rate-cut decision greeted with enthusiasm

By Sara Webb in London and Karen Zagor in New York

THE Bundesbank's decision to cut its official interest rates yesterday was greeted with enthusiasm in the European government bond markets, where it was seen as relieving the tensions in the European exchange rate mechanism.

GOVERNMENT BONDS

The high-yielding government bond markets, such as Spain and Italy, rallied strongly and gained nearly a point at one stage in the day.

Bond prices started to climb as rumours swept the European bond markets that the Bundesbank would hold a press conference in the early afternoon. Most market participants expected it to announce an easing in interest rates at the conference, and as the news of the cuts in the Lombard and discount rates emerged, some of the markets sold off.

Dealers noted strong overseas buying of high-yielding paper, particularly of Spanish and Italian government bonds. "The yields look attractive and there is scope for an easing in Spanish interest rates possibly as soon as the next repo," said Mr Steve Major, bond analyst at Crédit Lyonnais.

The yield on the Spanish 10.3 per cent bond due 2002 fell from 11.63 per cent to 11.50 per cent.

In Italy, which had started on a strong note because of the 50 basis point cut in the Italian discount rate, bonds continued to climb on the Bundesbank news. The Liffe futures contract gained 0.77 to 96.60, while the yield on the 12 per cent bond due 2002 fell from 13.14 per cent to 13.02 per cent.

■ FRENCH government bonds rallied as the German interest rate cut was seen as taking pressure off the French franc. The yield on two-year paper dropped from 8.15 per cent to 7.91 per cent, while at the longer end, the fall was less dramatic with the 8½ per cent bond due 2003 yielding 7.81 per cent by late afternoon, against 7.82 per cent at the opening.

■ THE German government bond market saw a surge of activity as rumours of an interest rate cut circulated. The bund market has shown steady gains in recent days, but started yesterday on a quiet note as dealers were waiting for news on the public sector wage negotiations.

Dealers bought bunds on expectations that the Bundesbank would announce a rate cut at its hastily-called press conference, and the market later sold off once confirmation of the rate cuts came. The Liffe bund future contract, which opened at 93.36, climbed to a high of 93.54 and then dropped to 93.05 before ending at 93.14.

■ THE UK government bond market rallied at first on expectations of a German interest rate cut, then fell to end the day half a point lower on the Liffe gilt futures contract.

Dealers pointed out that with sterling out of the European exchange rate mechanism, the Bundesbank move would have little influence on UK interest rates.

■ THE Bank of Japan cut its Official Discount Rate by 75 basis points to 2.5 per cent early yesterday, as expected, prompting a fall in Japanese government bond prices initially.

The sell-off was mainly futures driven, with the March futures contract falling from its opening level of 109.28 to a low of 108.95.

Dealers noted some buying interest as the futures contract fell below 109.00, an important support level, and the future recovered to end at 109.14 in Tokyo, before climbing to 109.26 in London trading.

In the cash market, the yield on the benchmark No 145 issue traded in a range of 4.33-4.375 per cent, ending the day little changed at 4.35 per cent.

The Official Discount Rate is now back at its historic low last seen in the late 1980s.

The cut had been expected for some time, and was reflected in the rate on three-month certificates of deposit. Three-month CD rates have fallen from 3.70 per cent a week ago to 3.25 per cent on Wednesday and 3.24 per cent yesterday.

■ US TREASURY prices firmed across the board yesterday morning as the market continued to take strength from the Treasury's decision to cut the size of the long bond issue in next week's quarterly refunding auction.

The market remained bullish in spite of yesterday morning's report that US factory orders for December had risen 5.3 per cent, above expectations of a 5 per cent increase.

By midday, the benchmark 30-year government bond was $\frac{11}{32}$ higher at $105\frac{11}{32}$, yielding 7.176 per cent. Gains were more modest at the short end of the yield curve, where the two-year note was up $\frac{1}{32}$ to yield 4.184.

News that the Bundesbank had cut its discount rate initially helped bond prices, but there was some speculation that the move could spark a sell off in US securities.

The Federal Reserve refrained from open market intervention yesterday morning, with Fed funds changing hands at $3\frac{1}{16}$ per cent, slightly firmer than the Fed's perceived 3 per cent target for the rate.

FT FIXED INTEREST INDICES

	Feb 4	Feb 3	Feb 2	Feb 1	Jan 29	Year ago	High *	Low *
Govt Secs (UK)	95.41	95.26	94.27	94.21	94.76	88.10	95.54	85.11
Fixed Interest	110.98	110.87	110.75	109.94	109.86	100.99	110.98	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1928
* for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.98 (4/2/93), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Feb 3	Feb 2	Feb 1	Jan 29	Jan 28
Gilt Edged Bargains	167.0	205.7	158.4	168.6	227.8
5-Day average	185.5	186.0	180.2	173.8	163.1

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.9888	+0.204	8.61	8.62	8.97
BELGIUM		8.750	06/02	106.9500	-0.800	7.68	7.58	7.84
CANADA *		8.500	04/02	98.3750	+0.325	8.55	8.58	8.98
DENMARK		8.000	05/03	103.6000	+0.650	7.84	8.03	7.92
FRANCE	BTAN	8.500	03/97	102.4981	+0.310	7.75	8.11	8.10
	OAT	8.500	11/02	104.6450	+0.156	7.79	7.93	8.12
GERMANY		8.000	07/02	106.0350	-0.265	7.10	7.13	7.19
ITALY		12.000	05/02	96.8550	+0.750	13.03†	13.29	13.81
JAPAN	No 119	4.800	06/99	102.9914	-0.053	4.21	4.22	4.43
	No 145	5.500	03/02	107.5812	+0.069	4.34	4.34	4.51
NETHERLANDS		8.250	06/02	107.9200	-0.110	7.06	7.11	7.20
SPAIN		10.300	08/02	93.0000	+0.700	11.53	11.88	12.66
UK GILTS		10.000	11/96	111-08	+2/32	8.62	6.78	7.25
		9.750	08/02	111-08	-3/32	8.07	8.06	8.31
		9.000	10/08	104-02	+5/32	8.53	8.60	8.65
US TREASURY *		6.375	08/02	99-31	+13/32	6.38	6.41	6.59
		7.625	11/22	105-14	+23/32	7.18	7.21	7.34
ECU (French Govt)		8.500	03/02	102.6750	+0.400	8.08	8.23	8.54

London closing. *denotes New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Philippines set to make market come-back

By Tracy Corrigan

THE Philippines is set to become the latest less-developed country to stage a return to the international capital markets, having completed the restructuring of its commercial bank debt under the Brady plan last December.

An offering of Eurobonds totalling at least $150m is due to be launched next Tuesday, following a series of investor roadshows. J. P. Morgan is arranging the issue, which will have an option for placement in the US market, under the Securities & Exchange Commission's rule 144a.

The issue was originally planned for last November, but was postponed twice due to poor market conditions.

The three-year offering is expected to offer a yield of around 325 basis points more than the three-year US Treasury note. That would compare with India trading at 400 basis points over US Treasuries, Turkey at less than 300 basis points and Mexico at around 250 basis points, dealers said. The Philippines has no official debt rating.

Speaking at an investor roadshow in London yesterday, Mr José Cuisia, the central bank governor, said that other Filipino borrowers hoped to follow the Republic's lead. Among those mentioned were the country's Development Bank and National Bank, as well as some private sector companies such as Philippine Airlines, Manila Electric Company and San Miguel.

The Republic has an estimated $1bn of funding needs this year. However, it is not yet clear how much the government will try to raise in the international markets.

It will seek to maximise the amount of borrowing from bilateral sources, such as international agencies, and will also raise funds in the domestic markets, through T-bills and central bank bills.

However, with three-month rates at about 14½ per cent, foreign currency borrowings offer substantial cost savings.

CME to extend trading on Globex

By Laurie Morse in Chicago

THE Chicago Mercantile Exchange is to add an afternoon trading session for its interest rate and foreign exchange products to the Globex electronic trading system. US futures and options begin trading on Globex at 1800 local time and are offered through the night.

From March 4, the CME plans to open Globex trading shortly after its trading pits close each afternoon, extending futures and options trading during Chicago business hours.

The move may be an admission by CME officials that Globex is more useful in boosting domestic trading volume than as the universal worldwide trading vehicle for which which it was first conceived.

Globex's slow start may lie in the fact that Japan is not yet part of the system.

Kingdom of Spain returns with DM4bn Eurobond

By Antonia Sharpe

THE Kingdom of Spain returned to the international capital markets yesterday with a DM4bn, 10-year Eurobond, which benefited from the timely cut in German interest rates.

INTERNATIONAL BONDS

An official at Dresdner Bank, which arranged the deal, said that the Bundesbank's move fanned demand, which allowed the issue to be increased from DM3bn.

The deal was priced to yield 31 basis points over the 7¼ per cent bund due December 2002, at the lower end of the indicated range of 31-34 basis points.

Yesterday's deal was Spain's first venture since last September, when turbulent conditions in Europe's financial markets, caused by the currency crisis in the exchange rate mechanism forced it to delay the pricing of its first Eurodollar bond, as well as substantially increase the yield on the $1.5bn deal.

Syndicate managers said yesterday's offering from Spain was attractive to domestic investors since it yielded about 20 basis points over domestic mortgage bonds. The paper also found favour in Austria, which has a special tax agreement with Spain.

The issue traded close to its re-offer price of 99.50, to yield 7.32 per cent, in the late afternoon, outperforming German government bonds which fell on profit-taking after the cuts in the Lombard and discount rates.

The Spanish region of Andalucia is due to launch a DM300m issue via Dresdner Bank in the next two weeks. Syndicate managers expect further sovereign and supranational issues shortly, including five-year Eurobonds from the World Bank and Belgium. Deutsche Bank declined to comment on speculation that it would arrange the World Bank deal.

Elsewhere, Abbey National raised a further £100m through its second reverse floating-rate note in as many days. Syndicate managers said that investors were discouraged by the issuer's option to call the FRN in a year's time, which they believed would considerably reduce their potential gain.

Similarly, the three-and-a-half year maturity on the European Investment Bank's £200m reverse FRN, compared with the three-year duration of Wednesday's offerings, proved unpopular with investors since it increased their risk on the interest rate front.

The pricing of the EIB deal was also viewed as aggressive.

Syndicate managers said distribution of the FRNs launched yesterday was much slower than those brought on Wednesday. "The market is getting saturated as there is only a finite pool of demand for this sort of paper," one syndicate manager said.

The Canadian province of Saskatchewan provided a further variation on the theme, with its 10-year, DM200m reverse FRN.

● The Irish government is planning a new Eurobond issue of some I£400m equivalent, writes Tim Coone.

Mr Adrian Kearns, head of foreign currency borrowing at the National Treasury Management Agency, said the funds would be raised in D-Marks, Swiss francs or French francs.

Ireland returned to the Eurobond market last October as the European currency crisis and speculative attacks upon the punt exhausted the Irish government's reserves.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Crédit Lyonnais	150	7.5	100.325	Mar.1996	1.375/1.175	Wood Gundy
BNA, New York Branch(a,b)	150	9	100	Feb.1996	1	Chemical Investment Bank
Banco Inter-Atlantico(a)	60	11	98.94	Sep.1995	1	ING Bank
Crédit Local de France(c)‡	50	(c)	100.5	Dec.2002	0.5/0.25	Lehman Brothers Int.
D-MARKS						
Kingdom of Spain	4bn	7.25	101.675	Mar.2003	2.5/2.175	Dresdner Bank
Province of Saskatchewan(d)‡	200	(d)	101.75	Feb.2003	1.45/0.85	CSFB-Effectenbank
STERLING						
European Investment Bank(e)‡	200	(e)	100	Aug.1996	0.2/0.1	JP Morgan Securities
Abbey Nat.Treas.Services(f)‡	100	(f)	100	Feb.1996	0.2/0.1	Merrill Lynch Int.
CANADIAN DOLLARS						
Daimler-Benz North America	100	6.5	98.21	Mar.1996	1.375/1.125	Deutsche Bank London
SWISS FRANCS						
Eksportfinans★	150	5	101.5	Mar.1999	-	UBS

Final terms and non-callable unless stated. ★Private placement. ‡Floating rate note. a) Semi-annual coupon. b) Borrowers full name: Banco de la Nacion Argentina. c) Fungible with outstanding $100m launched in Nov 1992. Coupon pays 6-month Libor − 0.25%. Minimum 5%, maximum 8.25%. d) 11% fixed annual coupon in first 2 years and 18.75% − 2 × 6-month Libor thereafter. e) 7% fixed coupon in first six months and 12.5% − 6-month Libor thereafter. f) 7.375% fixed semi-annual coupon in first year and 12.375% − 6-month Libor thereafter. Callable in one year at par.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6:55 pm on February 4

U.S. DOLLAR STRAIGHTS · OTHER STRAIGHTS · DEUTSCHE MARK STRAIGHTS · FLOATING RATE NOTES · SWISS FRANC STRAIGHTS · CONVERTIBLE BONDS · YEN STRAIGHTS (Issued, Bid, Offer, Chg. day, Yield)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	48	23	6
Other Fixed Interest	0	3	12
Commercial, Industrial	451	210	761
Financial & Property	373	72	354
Oil & Gas	23	17	45
Plantations	0	1	8
Mines	19	31	91
Others	55	18	36
Totals	969	375	1,313

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Jan. 25
● Last Dealings Feb. 12
● Last Declarations May 6
● For settlement May 17

3-month call rate indications are shown in Saturday editions.

Calls in Astec (BSR), Avesco, Birse, British Borneo Petrlm., BTR warrants '93/94, Caverdale, Colorgen, Emess, Ferranti, Fleming Japanese warrants, Gardiner, Hanson warrants, John Mowlem, Rhino, Sutar, Tadpole Tech., Tullow Oil, TIP Europe and Zambia Copper Invs. Puts in British Steel, Cannon Street Invs., Tadpole Tech., Tay Homes and Trafalgar House. Double in ASDA.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

Option		Feb	May	Aug	Feb	May	Aug
Brit Aero (*277)	260	28	44	55	9½	30	38
	280	18	34	46	17	40	49

Calls 25,838 Puts 17,896
FT-SE Index Calls 9,452 Puts 8,217
Euro FT-SE Calls 1,150 Puts 200
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

PRICE INDICES

		Thu Feb 4	Day's change %	Wed Feb 3	Accrued Interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (23)	129.04	+0.09	128.93	1.20	1.67
2	5-15 years (23)	147.31	−0.07	147.41	1.86	1.81
3	Over 15 years (8)	153.39	+0.18	153.12	1.44	1.28
4	Irredeemables (6)	174.12	+0.39	173.44	2.64	0.00
5	All stocks (60)	143.45	+0.02	143.42	1.58	1.67
	Index-Linked					
6	Up to 5 years (2)	185.90	+0.04	185.83	1.35	0.00
7	Over 5 years (11)	168.42	+0.32	167.88	0.64	0.62
8	All stocks (13)	169.57	+0.28	169.09	0.73	0.55
9	Debs & Loans (62)	125.85	+0.03	125.82	3.02	0.26

AVERAGE GROSS REDEMPTION YIELDS

			Thu Feb 4	Wed Feb 3	Year ago (approx.)
	British Government				
1	Low	5 years	6.37	6.35	8.68
2	Coupons	15 years	8.06	8.06	9.14
3	(0%-7¾%)	20 years	8.39	8.40	9.14
4	Medium	5 years	6.97	6.97	9.46
5	Coupons	15 years	8.54	8.54	9.22
6	(8%-10¾%)	20 years	8.73	8.75	9.17
7	High	5 years	7.17	7.17	9.70
8	Coupons	15 years	8.83	8.81	9.31
9	(11%-)	20 years	8.91	8.91	9.23
10	Irredeemables (Flat Yield)		8.78	8.81	9.34
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	2.37	2.17	3.92
12	Inflation rate 5%	Over 5 yrs	3.69	3.71	4.29
13	Inflation rate 10%	Up to 5 yrs	1.36	1.37	3.28
14	Inflation rate 10%	Over 5 yrs	3.51	3.53	4.11
15	Debs &	5 years	8.73	8.73	10.89
16	Loans	15 years	9.64	9.64	10.66
17		25 years	9.84	9.84	10.50

Corrected yields for January 27 and 28 can be obtained by telephoning FT Statistics on 071-873 3847

Kwik Save moves into Scotland

By Angus Foster

KWIK SAVE, the discount grocery retailer, is moving into Scotland and plans to open up to 100 stores in the next few years.

The expansion will intensify competition in the Scottish discount retailing market, where Isle of Man-based Shoprite is also expanding and is set to increase its stores from 38 to 59 this year.

Worries about competition and price cutting knocked Shoprite's shares down 30p to 753p yesterday. Kwik Save shares were unchanged at 799p.

Kwik Save had delayed opening in Scotland, seen by analysts as a natural market for the company, until a five-year development programme for London and the south-east was "up to speed", according to Mr Graeme Seabrook, chief executive. "We didn't want to be losing money on two fronts," he said, adding that the south-east was expected to be profitable this year.

Graeme Seabrook: the south-east should be profitable this year

Kwik Save will today begin advertising for high street and edge-of-town sites. Costs of the expansion would depend on whether sites were acquired leasehold or freehold. Mr Seabrook said funding would come from existing resources.

Distribution will be handled from Kwik Save's warehouse site north of Manchester. Despite higher distribution costs, Mr Seabrook said Kwik Save would "not be beaten on a value for money basis" against Shoprite.

Kwik Save's decision follows a report last month from Verdict, the retail market research company, predicting that discount food retailers were becoming a significant force in the UK and could double their sales by 1996. Other analysts estimate the sector will also become more competitive, especially if foreign discounters target the UK market.

Mr Seabrook said he hoped the Scottish expansion would become profitable more quickly than the south-east programme. He would be disappointed if losses were sustained for more than two or three years. "We weren't understood in the south-east and we're a very different company now to then," he said.

The Scottish move will not affect the programme of store openings throughout England.

Bad debts behind fall to £61.4m at Britannia

By John Gapper, Banking Correspondent

A RISE in provisions for bad debts, caused by the slump in the housing market and recession, reduced pre-tax profits at Britannia Building Society by 4 per cent from £64m to £61.4m last year.

Britannia, the ninth largest society, was weighed down by a bad debt cost of £71.9m (£50.3m) for the year to December 31, comprising £47.1m (£33.7m) in provisions and £24.8m (£16.6m) in irrecoverable interest on non-performing loans.

The results were roughly in line with the pattern expected in the industry for 1992. A survey last month by the brokers UBS Phillips & Drew found that societies' pre-tax profits were likely to fall by 7 per cent on average.

Operating profits before provisions rose by 16.5 per cent to £113.8m (£97.7m), but pre-tax profits were further reduced by a £5.3m exceptional charge for the cost of making 100 staff redundant and the closure of estate agency offices.

Britannia Life, the society's life assurance and investment subsidiary, made a £14m contribution to profits, up some 30 per cent on 1991.

A widening of margins as base rates fell by 4.5 percentage points in the last quarter of the year helped raise net interest received – the gap between interest paid on savings products and received on assets – to £165m (£144.3m).

Mr Michael Shaw, managing director, said the results represented "a very good trading performance during a year in which the housing market virtually ground to a halt". He said the society had benefited from "vigilance on costs".

The cost to income ratio, including the exceptional charge, rose slightly to 49.5 per cent (48.4 per cent). Capital increased from £470m to £623m as a result of profits and two issues of permanent interest-bearing shares totalling £110m.

Menvier-Swain seeks £9m to help fund French buy

By Paul Taylor

MENVIER-SWAIN Group, the emergency lighting and fire alarms company, plans to raise £9m through a rights issue to help fund the acquisition of Nugelec, a French fire alarm system manufacturer for FFr84.8m (£10.6m).

The company announced the planned acquisition and the proposed 1-for-8 rights issue at 520p a share, underwritten by Schroders, at the same time as reporting a 16 per cent increase in first half profits and a 22 per cent lift in the interim dividend.

The profits growth reflected both organic growth and recent acquisitions. The shares closed down 2p at 603p yesterday.

Separately the company also announced that Mr Charles Swain, president and a director, had placed 2.39m shares, representing a 16.7 per cent stake, with institutional investors at 573p a share yesterday. Mr Swain retains an interest in 550,000 shares.

After the placement and rights issue the directors will hold 3.1m shares, representing 19 per cent of the equity.

Menvier-Swain has been steadily building its operations in continental Europe through a string of small acquisitions, including one in Italy and another in Germany in the last six months.

It already claims to be the market leader in Europe for emergency lighting with an overall 10 per cent share and aims to become the largest in terms of fire alarm systems as well.

Paris-based Nugelec, which made pre-tax profits of FFr18m (FFr12.7m) on sales of FFr50.6m (FFr35m) in the year to December 31 1992, will link up with Luminox, Menvier's existing French subsidiary, to form a French group with a similar product range to Menvier-Swain's operations in the UK.

Nugelec's sales are expected to decline by about 10 per cent this year because of a fall in sales to its biggest customer.

Menvier-Swain will pay FFr79.8m in cash and FFr5m in shares.

The interim results highlight the success of the group's expansion into continental Europe.

Pre-tax profits in the six months to October 31 increased to £3.21m (£2.77m) with interest charges falling to £277,000 (£363,000).

Sales grew by 27 per cent to £25m (£19.7m). Earnings per share increased from 13.3p to 14.9p. The interim dividend goes up from 2.7p to 3.3p.

The USM-quoted company said it was considering moving to the main market.

Hong Kong Bank Australia in the black

By Simon Davies in Hong Kong

HONG KONG Bank of Australia, the wholly owned subsidiary of HSBC Holdings, yesterday announced its first profit in four years.

The company showed after-tax profits of $A8.06m (£3.8m) in 1992, compared with losses of $A37.8m previously.

The results were in line with analysts' expectations.

HKBA reported an increase of 9 per cent in its total assets, and a marginal improvement in its capital adequacy ratios.

Mr Richard Orgill, chief executive, forecast increased profitability in 1993.

The bank has undergone staff cuts and a rationalisation of its operations and is now trying to capitalise on its Asian links to boost business. Its treasury and trade finance division achieved record profits.

Mr Orgill said: "A major strength of our group is its well-established Asian franchise.

US eye drug link-up for Fisons

By Paul Abrahams

THE NEW management at Fisons, the drugs and scientific instruments group, yesterday broke with the company's tradition of complete independence by announcing a strategic alliance in the US.

The link-up is with Allergan, one of the leading US medical ophthalmic companies. It allows the two companies to co-promote Acular, a non-steroidal anti-inflammatory drug which Allergan has licensed from Syntex, the California-based group.

Fisons and Allergan have also agreed to co-operate on the relaunch of Opticrom, a Fisons eye product which was withdrawn in the US following concerns by the Food and Drug Administration about its quality.

Fisons said yesterday the agreement did not indicate that the product, which had US sales of about $11m (£7.2m) before its withdrawal, was likely to be relaunched in the near future.

Allergan will also help Fisons develop and market Fisons' nedocromil sodium ophthalmic solution, another eye product.

The British group said it had a sales force of about 300 in the US, while Allergan had about 160 devoted to Acular. The product has just been licensed by the FDA and is due to be launched soon.

Second shake-up at Wheway

By Peggy Hollinger

WHEWAY, the struggling environmental engineering group, yesterday announced its second boardroom shake-up in a year with the departure of Mr John McGowan, the chief executive

Mr Hugh Ashton, who took over Mr McGowan's post of chairman in November, said yesterday the group was "a long way down the line" on appointing a replacement. An announcement was expected soon, he said.

Mr McGowan's departure comes after two years of increasing difficulties for the loss-making company.

The accounts, published yesterday, were qualified by Price Waterhouse, which stated that "subject to the group having sufficient banking facilities to be able to continue trading", the company was a going concern.

Mr Ashton criticised the decision to qualify the accounts in light of the recent agreement with banks to secure £21m in facilities until the financial year-end in September. Last year the banks agreed to extend the facilities in return for security on Wheway's £21m in net assets. The group paid some £1m in debt restructuring fees.

Wheway said that it intended to strengthen the board with new non-executive and executive appointments.

Sale proceeds should reduce net debt to £900m by middle of year

Lasmo sells £126.5m of assets

By Deborah Hargreaves

LASMO, the North Sea oil exploration and production company, has sold two packages of assets for £126.5m, bringing the total for upstream disposals over the past year to £375m.

The company said it was continuing to sell peripheral assets in a bid to reduce its debt and cut gearing.

The disposals reduce its debt to equity ratio to about 80 per cent. Net debt, which was £1.1bn at the year-end, should come down to £900m by the middle of this year, after the sale proceeds have come through.

The first asset package, which includes shares in 17 North Sea blocks, has been sold to Deminex, the German oil exploration company, for £105.8m. In addition, Lasmo has sold its interests in the producing Balmoral and Maureen fields to Pentex Oil for $30m (£20.7m).

Lasmo has been under extreme pressure following the slump in its share price over the past year, the drop in earnings and its high level of debt following the acquisition of Ultramar in late 1991.

Mr Chris Greentree recently stepped down as chief executive to be succeeded by Mr Joe Darby who is likely to adopt a more conservative approach to the business and could cut the dividend when the annual results are announced at the end of March.

Mr Darby said yesterday that the company had achieved favourable prices for the assets in spite of difficult market conditions. "We are encouraged by our progress and shareholders can expect to see this process continue," he said.

Part of the sale involves half of Lasmo's share in the Pine and Birch and South Birch fields where it remains the operator. The sale should save Lasmo about £250m in capital expenditure on these fields over the next five years.

"It gives us cash in hand and saves on expenditure, but we've got to make sure we don't give up the growth profile of the company," said Mr Norman Davidson-Kelly, corporate development director.

NatWest Securities estimates that the sale will boost Lasmo's pre-tax profits in 1993 by £10m to £20m to some £49m, giving earnings of 5.4p a share.

NatWest said yesterday that the asset sale did not resolve the issue of whether Lasmo would be able to maintain the dividend, but it did give Mr Darby some flexibility.

See Lex

Chris Greentree: his successor is likely to adopt a more conservative approach and could cut the annual dividend

Brown Shipley recommends 30p cash offer

By Peggy Hollinger

BROWN SHIPLEY Holdings, the investment and broking business, yesterday reluctantly recommended a cash offer of 30p per share from Kredietbank Luxembourgeoise, its 29.8 per cent shareholder.

"Taking into account the on-going interests of the business and the clientele, I support the solution this offer brings," said Mr William Dacombe, the chairman and chief executive appointed 16 months ago to turn round the troubled group.

The bid values the group at £4.8m, against net assets of £8.1m.

Mr Giorgio Rossi, a director and 14 per cent shareholder, resigned from the board before the bid announcement. Mr Rossi had taken his stake in 1986 when the share price ranged between 400p and 645p. Last night the shares closed 4p down at 31p.

The sale of the final Brown Shipley businesses has, in effect, been forced by potential claims of £2.4m from the Luxembourg bank. These claims arise from possible liabilities relating to the leasing business sold by Brown Shipley's banking arm last year.

Kredietbank, when it purchased the banking business last summer, was given indemnities on the potential liabilities.

The only alternative to a bid from Kredietbank would be to fight the claims. If unsuccessful, the group's net assets would be reduced to less than the called up share capital.

Brown Shipley, which has been struggling since suffering heavy losses in the small companies market three years ago, has progressively sold several businesses over the last two years.

Mr Dacombe had hoped to rebuild the group on its core investment and stockbroking operations, which manage some £2.4bn in discretionary funds.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Allied Leisure ....int	1	May 4	1.5	-	4.75
Burlington ....fin	0.5	Apr 9	0.5	0.5	0.5
Cook (DC) § ....int	*nil*	-	*0.2*	-	*0.5*
Heavitree § ....fin	2.45	Apr 6	2.45	3.05	3.05
Jersey Phoenix ....int	1.25*	Mar 22	1.25	-	5.25
Menvier-Swain § .....int	3.3	Apr 6	2.7	-	9

Dividends shown pence per share net except where otherwise stated. *Gross; second interim making 2.5p to date. §USM stock.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on [illegible]: Pool purchase price £/MWh	Final Prices for Trading on [illegible]: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.41	18.02	18.02
0100	21.51	18.02	18.02
0130	26.80	20.67	22.06
0200	26.80	20.67	22.06
0230	21.81	17.75	17.75
0300	21.81	17.75	17.75
0330	18.41	17.73	17.73
0400	18.07	17.56	17.56
0430	17.59	17.51	17.51
0500	17.59	17.54	17.54
0530	18.02	17.54	17.54
0600	18.02	17.54	17.54
0630	18.07	17.56	17.56
0700	18.73	18.02	18.02
0730	22.12	20.91	22.32
0800	22.62	22.04	23.49
0830	22.62	22.10	23.64
0900	23.51	22.81	24.28
0930	25.40	22.81	24.28
1000	30.38	22.81	24.28
1030	30.38	22.81	24.28
1100	23.51	22.81	24.28
1130	23.51	22.81	24.28
1200	22.62	22.81	24.28
1230	22.62	22.81	24.28
1300	22.62	22.81	24.29
1330	22.40	22.19	23.64
1400	22.40	18.74	18.74
1430	21.92	18.62	18.62
1500	18.63	18.62	18.62
1530	18.65	18.62	18.62
1600	18.60	18.62	18.62
1630	18.73	22.23	33.68
1700	22.40	26.96	28.57
1730	26.52	26.33	27.86
1800	26.87	26.96	28.51
1830	26.87	25.91	27.39
1900	26.51	25.56	27.03
1930	26.73	23.42	24.85
2000	24.05	22.89	24.32
2030	21.94	21.88	23.26
2100	21.74	20.88	22.26
2130	21.74	20.37	21.74
2200	21.57	20.37	21.74
2230	18.60	20.14	21.61
2300	18.21	17.72	17.72
2330	17.59	17.54	17.54
2400	17.95	17.50	17.50

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.96/MWh becomes 1.696p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.15pm Monday to Friday.

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Hongkong Land has 20.1% of Trafalgar

By Paul Taylor in London and Simon Davies in Hong Kong

HONGKONG LAND, the Jardine Matheson-controlled property company, confirmed yesterday that it had exercised its option to acquire 36m shares in Trafalgar House, lifting its stake in the UK-based construction, engineering and shipping group to 20.1 per cent.

Hongkong Land acquired a 14.9 per cent stake in Trafalgar House in October and launched an abortive tender offer in an attempt to lift its stake to 29.9 per cent. The following month it revealed that it had entered into an option arrangement to buy the shares.

As part of the option deal, Hongkong Land may also be obliged to buy a further 67m shares by May 3.

In both cases, it is paying no more than the 85p per share or 82p per A share it offered in the tender. In practice it is only likely to be forced to buy another 67m shares if the share price falls well below 85p.

By taking its stake above 20 per cent Hongkong Land will be able to equity-account its holding, enabling it to book a share of Trafalgar's profits. Trafalgar's ordinary and A shares yesterday closed down 1½p at 92p and down 1p at 90p respectively.

Trafalgar has already appointed Mr Rodney Leach, a director of Hongkong Land, to its board, but has been less enthusiastic about a request to appoint a second director from Hongkong Land, Sir Charles Powell.

Yesterday, however, both companies emphasised their "good relationship," and Mr Leach said the two companies were "working very closely together." He said he felt that Trafalgar was looking at the request for extra board representation with "increasing sympathy."

Meanwhile, in the market, rumours resurfaced yesterday about a possible Trafalgar House rights issue. The company said only that a rights issue "had not been ruled in or out."

Hongkong Land reversed almost a decade of consolidation last year, by selling an office block in central Hong Kong for HK$3.8bn and making its raid on Trafalgar House. That supported the widely-held assertion that the company wants to cash in Hong Kong assets and reinvest the proceeds in Britain.

The company, Hong Kong's largest owner of prime office property, has formed a consortium which has won the right to develop Hong Kong's ninth container terminal.

It has also expressed an interest in developing a new office complex to be built on top of the terminus for the proposed airport rail link. However, the current political impasse between Hong Kong and China over airport financing, has put this project on hold.

The raid on Trafalgar House is regarded as largely opportunistic, but it does present some opportunities for synergy with the Jardine Matheson group.

DTI clears Suter chief of insider share dealing

By Angus Foster

SUTER, the industrial conglomerate, said yesterday that Mr David Abell, chairman, had been cleared of insider dealing by the DTI.

Mr Nigel Blyth-Tinker, company secretary, said Clifford Chance, Mr Abell's lawyers, had received confirmation in writing from the DTI that investigations under section 177 of the Financial Services Act, which relates to insider dealing, had been completed and the DTI did not intend to bring any prosecution against Mr Abell.

The DTI refuses publicly to comment on insider dealing investigations and would not confirm Suter's announcement.

The apparent clearance of Mr Abell comes two weeks after DTI inspectors found no evidence that he and other parties acted in concert in taking stakes in a number of companies in the mid-1980s.

However, the inspectors, who were appointed in July 1988, expressed severe reservations about one of the cases, when Mr Abell acquired 100,000 shares in Metal Closures, the final purchase being made on January 8 1987. Later on the same day Mr Abell authorised the purchase on behalf of Suter of 350,000 Metal Closures shares.

Abtrust Preferred placing

By Philip Coggan, Personal Finance Editor

ABTRUST Preferred Investment Trust is attempting to more than double its size via a placing of ordinary income and zero dividend preference shares which will raise £16.4m after expenses.

The new ordinary income shares will be issued at 83p each and if the trust's assets and income grow at 1 per cent a year, will have a prospective gross redemption yield of 18.5 per cent.

The new zeros will be placed at 142p, giving a prospective gross redemption yield of 8.5 per cent. The zeros will be covered 1.22 times by total assets.

The shares have been conditionally placed but existing shareholders will be entitled to claw them back on a 1-for-1 basis in the case of the zeros and on a 10-for-9 basis in the case of the ordinary shares.

The board believes that the outlook for low inflation plus recovery in corporate profits will present profitable opportunities to achieve growth.

Allied Leisure falls 25% to £1.2m and seeks £13m

By Richard Gourlay

ALLIED LEISURE, the nightclub and ten-pin bowling company, yesterday announced a 25 per cent fall in interim profits together with a £12.6m rights issue to finance development of part of a leisure complex on the site of the old Crystal Palace in south London.

The company is offering 7 new shares for every 10 held at a price of 48p – 10p below Wednesday's closing level. They closed yesterday at 53p.

Pre-tax profits for the 25 weeks ended January 3 fell to £1.24m (£1.65m) on sales up 8 per cent at £11.5m.

Earnings per share declined to 2.92p (3.89p) and the interim dividend is cut from 1.5p to 1p.

Mr Richard Carr, chairman, warned at the AGM that the dividend was to be more conservatively covered by earnings but that the company would maintain the policy of paying approximately a third of the full year dividend at the interim stage.

The rights issue is fully underwritten by Williams de Broe but only after Allied Leisure and Smith New Court, its usual merchant bank, parted company.

Smith and Allied Leisure are understood to have had different ideas about the timing of the rights issue.

The company is expecting to spend about £10m on a high capacity night club and a megabowl. It will become what Mr Carr calls the flagship of the group.

Initially the rights issue will reduce gearing from about 55 per cent to 15 per cent at the year-end but the development will also depress earnings per share until the complex is completed in 1995.

Mr Carr said he was comfortable with City forecasts that Allied Leisure would make pre-tax profits for the year of £2.6m.

Motor World valued at £27.7m in launch

By Peter Pearse

THE 210p placing price of Motor World, announced yesterday, values the car parts and accessories retailer at £27.7m.

Beeson Gregory is placing 5.97m ordinary shares of 20p, representing 45.3 per cent of the company's issued share capital.

Based on its pro forma earnings per share of 16p for the year to November 1, the p/e multiple is 13.1 and the notional gross dividend yield 4 per cent.

Of the shares placed, 5.95m were new ordinaries and the balance were sold by existing shareholders. Some £5.2m of the proceeds will go towards the redemption of existing preference shares and about £9m to repay debt.

Dealings are expected to start on February 11.

Motor World grew from one motor accessories shop in Bradford in 1968. It now has 180 outlets, mainly in the north of England, Wales and the Midlands, and is planning to build a national network.

Mr Darrell Kershaw, managing director, has said that he believes the chain could expand to 300 outlets within the next two years.

In the year to November 1 1992, pre-tax profits were £2.29m (£1.57m) on turnover of £34.2m (£28.7m).

Bostrom pays up to £2.1m for AJW

Bostrom is paying up to £2.14m for AJW Holdings, a fellow automotive components maker.

The initial consideration of up to £1.79m is being satisfied by the issue of 1.41m shares, placed at 127p. Bostrom shares were unchanged at 132p.

The balance of a maximum of £350,000 cash is profit related.

In the year to April 30, AJW recorded an operating loss of £109,000 on turnover of £6.53m. However, for the seven months to November 30 operating profits were £2,000 on turnover of £4.15m.

Northumbrian share deals suspended

By Angus Foster

SHARES IN Northumbrian Fine Foods, the biscuit and snacks group, were suspended at the company's request on the USM yesterday as speculation mounted about the meaning of a statement issued late on Wednesday which referred to a group reorganisation.

Northumbrian said then it was in discussions which "are expected to have a material effect on the group's interim results for the six months to September 30". These results were due to be released on Wednesday, but have been postponed pending conclusion of the discussions.

Northumbrian said it hopes to make a further announcement shortly. There has been speculation the company is in discussions with its bankers, and is trying to sell a subsidiary to reduce debt, which stood at £5.83m at March 31 last year.

The shares were suspended mid-morning after falling 2p to 17p.

Telegraph sells Trinity stake

By Raymond Snoddy

THE TELEGRAPH has sold its near-13 per cent stake in Trinity International, the publishing group, for £26.8m.

Mr Conrad Black, chairman of the Telegraph, built up the interest in the publisher of the Liverpool Post and Echo in 1990, almost certainly in the hope that the Telegraph would one day be able to increase its stake or even take over the group. Like Mr Black, Trinity has a string of small papers in Canada.

The sale, to a wide range of UK institutional shareholders, suggests that Mr Black has conceded that he had little chance of winning control of the company in the foreseeable future.

There are only 12 voting shares, and they are held by directors. The unusual structure was created in 1904, when the company was first incorporated, to protect its then Liberal political line against potential Conservative predators.

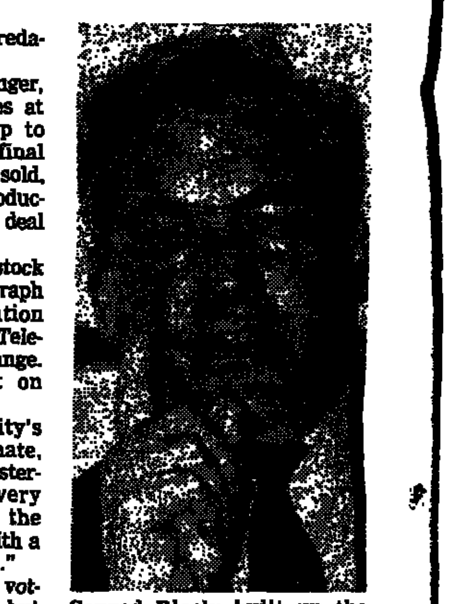
Mr Black, through Hollinger, bought 5.6m of the shares at prices ranging from 170p to 200p in July 1990. The final total of 8.74m shares was sold, it is believed, at 320p, producing a pre-tax profit on the deal of £6.5m.

Last May the Trinity stock was acquired by the Telegraph as part of a reorganisation prior to the listing of the Telegraph on the Stock Exchange. The money will be put on deposit.

Mr Philip Graf, Trinity's managing director designate, commenting on the sale yesterday, said: "We are very pleased. We understand the shares have been placed with a wide spread of institutions."

Trinity said it keeps its voting structure under review, but it is clear it does not feel under any real pressure to change it at the moment.

In March, Trinity was able to raise some £23m from a rights issue to help pay for its £45m purchase of Scottish and Universal Newspapers.



Conrad Black: built up the interest in 1990

NEWS DIGEST

Fairbriar sees end to suspension

FAIRBRIAR, the property group which went into administrative receivership in September 1991, said it anticipated that all conditions of the reconstruction would be satisfied by February 24 allowing the suspension of its shares to be lifted and dealings in the new ordinary shares to begin.

Fairbriar's shares were suspended on September 10 1991 at 8p.

The proposals included an offer of 7.67m new ordinary shares of 1p each and reorganisation of the existing share capital.

The Royal Bank of Scotland will convert about £12m of borrowings into 4.13m new ordinary and 8.83m convertible preference shares. It will also convert some debt into a maximum of £10.6m in loan notes in addition to providing further credit facilities.

Trencherwood approval

At yesterday's extraordinary meeting, Trencherwood shareholders approved the Newbury-based housebuilder's resolutions relating to its refinancing.

They approved the provision of five-year term banking facilities, the exchange of debt for equity and the creation of a new share option scheme for management and employees.

TR City net assets improve

Net asset value per share of the TR City of London Trust stood at 125.69p at the end of December. That compared with 112.8p at the June 1992 year-end and with 109.56p 12 months earlier.

Available revenue for the half year to December 31 slipped from £4.42m to £3.92m, equal to earnings of 2.01p (2.26p) per share. The fall was blamed on lower interest received, dividend cuts and an increase in the bias of dividends accrued towards the second half.

The board confirmed its intention to maintain the full year dividend at 4.76p.

Mexico link for Hiram Walker

Hiram Walker, the spirits and wine division of Allied-Lyons, has signed a long-term agreement for the distribution of Ballantine's Scotch whisky in Mexico through Pedro Domecq, the Spanish drinks company.

Domecq's Mexican subsidiary is the country's leading spirits company. Its Presidente brandy alone accounts for about a fifth of the total spirits market, the second largest in Latin America.

"The Scotch whisky sector is currently quite small but we believe it will grow very rapidly," said Mr Tony Hales, Allied's chief executive.

Domecq already distributes Hiram Walker's main brands through a joint venture in Spain where Ballantine's is the leading Scotch with annual sales of more than 1m cases.

Last year Allied cemented the partnership by increasing its stake in Domecq to an effective 32 per cent.

Jersey Phoenix net asset value ahead

Jersey Phoenix Trust reported a net asset value of 101.78p per share as at January 31, up from 93p a year earlier.

Retained profits for the half year to December 31 amounted to £17,744 against a comparable deficit of £43,788. Earnings per share emerged at 2.63p (2.21p).

A second interim dividend of 1.25p gross is declared, making 2.5p to date.

Burlington net assets higher at 18.13p

Burlington Group, the investment company, reported net assets of 18.13p per share at December 31, against 16.87p a year earlier.

Net revenue for 1992 was £150,000 (£90,000) for earnings per share of 1.01p (0.61p). Directors are proposing an unchanged single dividend of 0.5p.

Heavitree hit by bad debts

HEAVITREE Brewery, the USM-quoted pub operator, reported profits substantially lower over the 12 months to October 31.

Although turnover improved 34 per cent to £8.38m (£6.26m), the pre-tax line tumbled from £910,000 to £560,000.

Directors of the Devon-based group blamed the decline on "setting down costs" following the acquisition of its small managed estate and bad debts which amounted to £344,000.

Interest charges on loans were "exceptionally high", they added.

A recovery was under way and the recommended final dividend is being held at 2.45p for a maintained total of 3.05p, payable from earnings of 4.2p (8p) per share.

DC Cook £56,000 in the red

DC COOK Holdings, the USM-quoted motor dealer and property company, swung from profits of £107,000 to losses of £56,000 pre-tax for the half year ended October 31.

The interim dividend is omitted – 0.2p was paid previously. Consideration of a final (0.3p) will be made when results for the full year are known. Losses per share on a fully diluted basis emerged at 0.12p (earnings 0.33p).

The directors blamed the turnround on closure costs and trading losses by the now discontinued petrol retailing operations.

Total sales were £52.3m compared with £56.9m. Sales of continuing operations were £51.2m for pre-tax profits of £68,000.

No referral for Dobson Park deal

MR MICHAEL Heseltine, the trade secretary, has decided not to refer the proposed merger of the mining equipment division of Dobson Park Industries with Meco International to the Monopolies and Mergers Commission.

Between them, Dobson Park and Meco supply all of British Coal's hydraulic roof supports and 80 per cent of its conveyors, used to carry the coal away from the face.

The joint venture, to be called Longwall International, will have annual sales of about £200m, 70 per cent of which will be overseas oriented.

Both companies have shed about 1,000 jobs over the past three years, and Mr Heseltine's pit closure programme has added to the speculation about further job losses.

ICI in talks to sell coatings side

By Paul Abrahams

IMPERIAL Chemical Industries, the UK's largest manufacturer, yesterday announced that it was in discussions with Ferro of Cleveland, Ohio, about the sale of its powder coatings business.

ICI said the business, with annual sales of about £100m ($66m), did not fit in with its core operations. It employs about 350 people, half in the US and half in Europe.

Although the sector, which provides coatings mostly for domestic appliances, office furniture and automotive components, was growing faster than gross domestic product, ICI said it did not believe it had the critical mass to succeed in the business.

Ferro said it thought the market was growing at 10 to 15 per cent a year. The group was in discussions with ICI about a possible joint venture last year.

Ferro, which generates annual sales of about $100m in powder coatings, said ICI's operations would fit well with its business. The company said it was in the top three in the world market and already had some operations in the UK and continental Europe.

ICI insisted yesterday that discussions were at an early stage. It would be premature to forecast the outcome of the talks, although both parties were confident that an agreement would be reached.

THE PROPERTY MARKET

The cause of convertibility

Vanessa Houlder on a report which argues that empty offices should be used for residential accommodation

"London has a glut of empty offices – and not enough homes... If one problem could be used to help solve the other, it would provide badly-needed work for the building industry and stave off... dereliction."

This declaration of the case for converting offices to housing kicked off a report that was launched this week by a team of surveyors, architects and analysts.

The argument for putting unwanted offices to a better use has long been debated both inside and outside the property industry. The idea has now been seized upon by politicians.

"Where it is feasible, practicable and possible, I shall do what I can to support such a transition [from offices to other uses]," said Sir George Young, housing minister at the launch.

Last month, environment secretary Michael Howard said: "We are now seeing an increasing number of applications for change from offices to residential use on both sites and existing buildings. I want to encourage these trends."

And this week Mr Charles Hendry, the Conservative MP for High Peak and chairman of the All-Party Parliamentary Group on Homelessness, took up the issue by calling for new initiatives "to tackle the scandal of empty offices.

"The tragedy of this situation is that there are 30m sq ft of offices in London, and millions more in other cities, lying empty and gradually decaying, when there are tens of thousands of people in need of accommodation," he said.

The politicians' pleas have not fallen on deaf ears. Empty office blocks, owned privately and by local authorities, have been converted into hostels for use by the destitute; and a campaign by the Royal Institute of Chartered Surveyors to use empty space above shops for flats has been endorsed by the retail industry.

In a recent CSW/Gallup poll, four out of five of the industry's top 100 managers said that planning authorities should allow the conversion of empty commercial space to residential use.

But the obstacles facing such conversions are substantial. There are few successful examples of conversions. Plantation Wharf in Battersea, south London, where the receivers have turned the half-finished central office tower into flats, is a notable exception.

Some of the problems facing office conversions are insuperable. Physically, many buildings, particularly the high-tech, glass-walled buildings that were built during the period of hectic construction activity in the 1980s, are generally ill-suited for conversion; windows in such buildings do not open, and their huge floor areas mean that too much of the floor space is too far from windows.

The buildings which best lend themselves to conversion are the grey, slab office blocks built in the 1960s and 1970s, for which demand is currently poor.

Many unoccupied commercial properties are also in office ghettos, which would not adapt well to residential use. The Empty Homes Agency, which was set up last year to address the possibilities of converting vacant buildings to residential use, says the close proximity of restaurants, post offices and other community services often determines whether a building is a good candidate for conversion.

Some of the problems facing conversions could be alleviated. Local

> **'The tragedy is that there are 30m sq ft of offices in London lying empty and decaying'**

authorities, for example, are often reluctant to relinquish sites that they have earmarked for uses that could generate jobs.

Campaigners such as Mr Hendry of would like to see local authorities grant temporary residential consent. This would allow developers to keep their options open if demand for offices revives.

Granting temporary residential planning permission could also assuage the fear of developers, who are often reluctant to sacrifice hard-won office consents. Planning permission for office use has historically been far more valuable than permission for residential use.

Also, temporary residential planning permission may provide some assurance to property owners who are reluctant to convert their offices to housing because they fear the premises would deteriorate after a period of residential use.

"The government could help in producing booklets which show how conversions can be carried out and the buildings kept in good order, to give reassurance to the owners," says Mr Hendry.

Another concern for the advocates of conversions is that property owners are deliberately vandalising their own empty buildings to avoid paying rates. The effect of this self-inflicted vandalism is that buildings that could be used for housing are made uninhabitable.

Yet the biggest question mark over the viability of converting offices to houses is financial. At present, the numbers rarely add up. An appraisal of four central London schemes by surveyors Cluttons and Gardiner & Theobald found that converting a building to residential use was far more profitable than if the premises were retained for office use, with profits often up to 15 per cent higher.

However, this profit was more than wiped out when value added tax – which is payable for work on office buildings – is taken into account. As VAT is not incurred on the construction of a residential building, developers find it can be more profitable to pull a building down and start again.

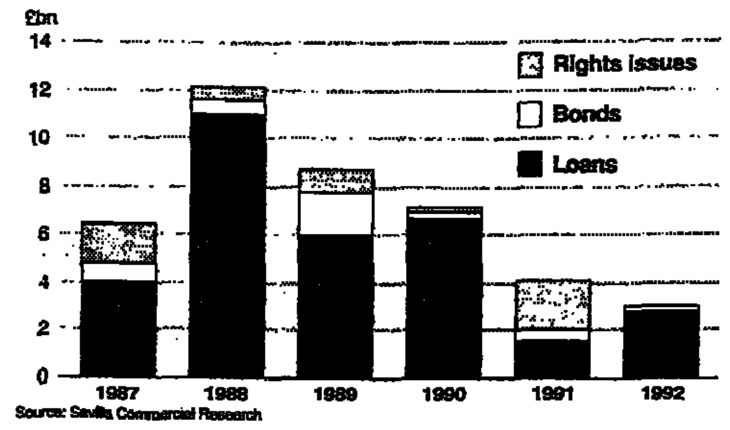
The enthusiasts for office-housing conversions argue that if house prices recover and office values continue to plunge, the economics of converting will become more attractive. Already, in certain circumstances – where developers have pre-let the accommodation and conversion costs are low – schemes are viable.

Housing associations and universities looking for student accommodation are the most important sources of demand for conversions. In London, more than a dozen colleges are looking for some 50,000 sq ft each for student hostels, according to Applied Property Research, which produced the Home Office report. Planning applications for change of use are being lodged at a rate of three to four a week.

In any event, the conversion of existing office blocks to housing is unlikely to prove a panacea for the huge expanse of empty office space in London, which is equivalent to 25 Canary Wharf towers. Mr Hendry puts the predicament starkly: "Unless action is taken to find new uses for them [unwanted offices], we will see dereliction on a scale we have not witnessed since the blitz."

The Home-Office Report by Applied Property Research, Cluttons, Gardiner & Theobald and GMW; price £37 from the Publishing Business, 27 John Adam Street, London WC2N

Financing property: the money dries up



Source: Savills Commercial Research

A TOTAL of £2.95bn was raised in property-related loans, bonds and rights issues in 1992, down from £3.98bn in the previous year, according to Savills, property advisers.

Just £660m of the total was "new" financing, £2.16bn was for refinancings and £130m for housing associations. The most significant component was the £1.25bn loan that refinanced Rosehaugh Stanhope Developments, the developer of the Broadgate office project in the City of London, last November.

The amount of debt owed by the property and construction sectors fell by 1 per cent in the last quarter of 1992 to £53.6bn. The sector's total debt has fallen by £4.3bn since May 1991.

The main reason for the drop in loans was UK retail banks' and US banks' reduced exposure to the sector, which has fallen by about £450m per quarter - a total of £2.7bn since May 1991. About 30 banks are now providing finance to the market, of which a quarter are new to the market, says Savills. With few exceptions, they are only prepared to lend to well-let properties with long, unexpired leases and large borrowers.

Changes in property values (%)

	Retail		Office		Industrial		All	
	Year to Dec 92	Mth of Dec 92	Year to Dec 92	Mth of Dec 92	Year to Dec 92	Mth of Dec 92	Year to Dec 92	Mth of Dec 92
Rental growth	-3.0	-0.5	-16.8	-2.4	-9.5	-1.0	-9.6	-1.2
Capital growth	-2.8	-0.3	-14.2	-1.3	-8.6	-0.9	-8.2	-0.8
Total return	4.8	0.3	-6.1	-0.5	0.7	0.0	-0.1	0.0
Current yield levels	9.0		10.4		11.4		10.0	

Source: IPD monthly index, Investment Property Databank

CONTRACTS & TENDERS

JOBS: Additional data on housing offered to compensate for effects of unusual journalistic problem

How living costs vary across the globe

TODAY the Jobs column must cast modesty aside and reveal that it has of late achieved something probably unparallelled in the history of journalism. Unfortunately, the exploit is not of the professionally acclaimed kind typified by scooping one's competitors by publishing a story before them.

My feat is rather the reverse – having another newspaper scoop me with my own material which had already been printed in this one. How it happened perhaps requires some explanation.

Readers taking the UK editions of the Financial Times find this column in the Wednesday morning's paper. In the overseas editions, however, it does not appear until the Friday. So it is possible for the London-based staff of foreign newspapers to pick up something I've printed here on a Wednesday, and have their report on it appear in their home country on the Thursday morning, a day ahead of my arrival there.

Such was actually done not long ago, it seems, by a Japanese reporter who further complicated the issue by stating that the data in question had been in "yesterday's" FT. Hence several people unable to find the item telephoned to inquire, only to be still more mystified by being told that for "yesterday" they should read "tomorrow".

I tell you all that as an apologetic explanation about the table alongside, containing the latest "update" of this column's indicators of world-wide living costs. As before, the figures have been kindly supplied by the P-E International management consultancy which has like data on 142 cities. As I have room for only 30, anyone interested in others should contact Simon McBride at Park House, Wick Rd, Egham, Surrey TW20 0HW; tel (0)784 434411, fax (0)784 471404.

For each city, my table gives three sets of figures. The first is its cost level shown as an index based on London prices at 100. Next is the latest official inflation rate available when P-E compiled the data. The third is the exchange rate at which the foreign currency has been turned into sterling – which is what I'm apologising about, because numerous of the rates have a distinctly antique appearance.

They are in fact those which were in force last October when the information on price levels was collected. That in itself matters little because the prices move only slowly. But the opposite has lately applied to exchange rates which, since they affect the cost-index figures, means that most of the indices in the table are antiques too.

Although I've tried to bring them up to date, it hasn't been practicable. It turns out that the only source from which I can get all the rates required is the FT Guide to World Currencies which is published on a Tuesday. And for reasons too tediously complicated to mention, I could not do the updating in time to meet the deadline for this column's appearance in the UK editions on Wednesday morning.

Now, while that might seem a fair excuse to readers taking those editions, it would hardly do so to people overseas who don't see my efforts until Friday. They might well think I was being unduly lazy. So I decided to explain about the dual publication days in the hope of persuading them differently.

Fortunately, despite the snags, the cost-index figures can still be useful. The price data on which they are based should continue to be a tolerable guide to reality until April or so, and the indices can be updated for currency market changes by a simple calculation. Just take the exchange rate in the table, divide it by the rate currently in force, and multiply the result by the table's index figure.

Moreover, there is a bit of added compensation. As usual, because of technical difficulties the living-cost indices exclude outlays on housing. But today I can also shed some light on those outlays, thanks to international consultancy Hamptons Relocation.

It keeps check on rentals paid by expatriates in 27 countries, and here are its figures for average rentals in 15 (anyone wanting more data should contact Anita Saunders at Cherry Orchard North, Kembrey Park, Swindon, Wilts SN2 6BL; tel (0)793 619555, fax (0)793 534839.) The rent relates to a three-bedroomed unfurnished apartment in a typical expatriate dwelling area, close to international schools. London examples include Richmond as well as central parts such as Kensington and Chelsea. Exchange rates are as at last Friday.

Place	Living cost index	Inflation %	Exch'ge rate £1 =
Japan, Tokyo	161.6	1.7	203.25
Norway, Oslo	147.3	2.0	9.78
Congo, Brazzaville	143.4	0.5	405.88
Sweden, Stockholm	139.2	2.0	9.10
Switzerland, Zurich	133.1	3.5	2.08
Denmark, Copenh'n	130.6	2.0	9.29
Ivory Cst, Abidjan	129.9	2.1	405.88
France, Paris	122.9	2.6	8.12
Libya, Tripoli	121.9	4.4	0.44
Austria, Vienna	120.3	3.9	16.77
Belgium, Brussels	119.9	2.3	49.05
Ireland, Dublin	116.5	2.8	0.91
Netherlands, Am'd'm	113.6	3.5	2.69
Germany, Frankfurt	112.2	3.6	2.39
Finland, Helsinki	111.3	2.3	7.70
Seychelles, Victoria	111.1	4.6	8.30
Spain, Madrid	109.2	5.8	170.80
Portugal, Lisbon	108.3	9.3	213.75
Luxembourg	106.7	3.0	49.05
Hong Kong, Victoria	105.3	9.2	13.17
Taiwan, Taipei	104.9	7.6	42.95
Liberia, Monrovia	104.6	4.5	1.70
Bahamas, Nassau	104.4	6.6	1.70
Italy, Milan	103.5	4.7	2,235.50
UK, London	100.0	3.6	1.00
USA, New York	98.6	3.0	1.70
Cuba, Havana	97.7	7.0	1.28
S Korea, Seoul	95.3	5.7	1,352.00
Israel, Tel Aviv	93.0	8.3	4.24
Morocco, C'blanca	92.7	6.0	13.50
Antigua	92.3	1.0	4.58
Barbados, Bridget'n	91.9	8.3	3.41
Singapore	90.9	2.4	2.71
Brunei	90.8	2.5	2.71
Phillippines, M'ila	90.5	8.5	41.30
USA, Los Angeles	90.2	3.0	1.70
S Arabia, Riyadh	88.0	−2.3	6.44
China, Beijing	87.6	10.0	9.57
Oman, Muscat	87.6	1.6	0.66
Malta, Valletta	85.8	2.8	0.51
Malaysia, K Lumpur	85.3	4.4	4.26
Qatar, Doha	85.1	3.0	6.25
Bahrain, Manama	84.0	−0.1	0.65
Tunisia, Tunis	83.5	4.4	1.43
Australia, Sydney	83.0	0.8	2.35
Thailand, Bangkok	82.7	3.4	42.80
Canada, Toronto	82.4	1.3	2.13
Jordan, Amman	81.8	6.1	1.12
UAE, Abu Dhabi	81.8	2.0	6.30
Ghana, Accra	81.7	10.3	825.00
UAE, Dubai	81.4	2.0	6.30
Indonesia, Jakarta	79.6	9.3	3,519.85
Trinidad, P of Spn	79.3	2.4	7.72
Fiji, Suva	77.0	7.1	2.56
Egypt, Cairo	76.2	9.5	5.68
N Zealand, W'ton	74.8	1.1	3.13
Panama	73.7	2.3	1.70
Sri Lanka, Colombo	71.3	9.7	74.90
Czech'vakia, Prague	65.3	9.3	45.16
Pakistan, Karachi	62.7	9.9	42.60

City	Exchange rate £1 =	Monthly rent £
Tokyo	185.50	4,313
Zurich	2.21	2,262
Vienna	16.82	2,081
Milan	2,226.75	2,021
London	1.00	2,000
Madrid	169.90	1,766
New York	1.49	1,678
Paris	8.10	1,543
Lisbon	216.50	1,386
Oslo	10.19	1,374
Amsterdam	2.69	1,301
Brussels	49.30	1,217
Stockholm	10.85	1,106
Copenhagen	9.23	975
Helsinki	8.30	964

Michael Dixon

Deutsche Bundespost Telekom is Europe's largest telecommunications company.
It has been represented in the Benelux since 1990 by its Belgian branch, Deutsche Telekom Brüssel s.a. This Brussels subsidiary serves as the link between the German headquarters and the institutions of the European Communities.

The world of communications is developing fast and opening up exciting new horizons. To respond to this evolution, Deutsche Telekom Brüssel requires the skills of four, experienced, multi-lingual, male or female graduates (economics, law, engineering or comparable university degrees) to perform high-level functions within its team.

Deutsche
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Building on Telecommunications in Europe

To represent Deutsche Bundespost Telekom at international level in Brussels and within the EC institutions, we are looking for an

External Relations Manager

Your function
You will be responsible for top-level contacts in the key national and international organisations related to telecommunications. Representing the position of Deutsche Bundespost Telekom within the EC institutions, the national authorities and the international representations in Brussels, you will establish and develop excellent relations with the decision-makers. You will ensure the continuous introduction and development of the company's position in the international, and especially European telecommunications field. Your analysis of issues and your advice will help determine company strategy.
You will be assisted by telecommunications experts and a coordination group in Germany.

Your profile
An economics, law, engineering or comparable university degree and a sound knowledge and experience of the telecommunications market are desirable qualifications for this position. You are alert to opportunities and used to operating at the highest level professionally and to building relationships with key contacts. With your excellent communication skills, you come across as a trustful and reliable partner, as indeed you are. You are thoroughly at home in at least English, French and German and, ideally, aged between 30 and 40.

The Benelux customers market offers an opening for a

Product Manager

Your function
You will develop a customer-support plan based on a sound analysis of our Benelux clients and pioneer the implementation of this plan. You will devise appropriate strategies for developing the market and introduce new ways of identifying and approaching customers, of advising them and providing them with practical support. In addition to shouldering responsibility for the long-term promotion and sales of Deutsche Telekom services to customers in the Benelux, you will look for new outlets for the company's services and products.

Your profile
You have been educated to graduate level or beyond and have at least 5 years' marketing and sales experience in a business-to-business environment. You are used to negotiating high-value contracts with top-level customers. Your main strengths include the successful development of new markets and release of new products or services. You are service-minded and able to work to long-term objectives, have a feel for technical telecommunication matters and a practical bent. Furthermore, you combine excellent interpersonal and presentation skills with multi-language skills (Dutch, French, German, English).
You are likely to be aged between 30 and 40.

To optimize two-way communication between our headquarters and the European telecommunication representatives, we are looking for two

Telecommunications Experts

Your function
You will be responsible for EC issues and relevant aspects in the area of telecommunications, such as regulatory and competition policies, information security, harmonization, research, etc. In cooperation with the External Relations Manager, you will develop the various contacts with the EC institutions and the international representations by gathering, structuring, presenting and distributing technical and non-technical information. By following telecommunications-related developments with the EC, you will be in a position to provide headquarters with expertise and advice.

Your profile
You have an economics, technical and/or legal education and preferably a university degree. You will also be expected to have a technical background or at least a keen interest in technology and some experience of telecommunications.
You understand the need for flexibility in the light of evolving technologies and you will be sensitive to the questions and specific problems of our partners. These Experts need to be alert, practical and adaptable people, lateral-thinkers and problem-solvers. They are also good communicators and capable of imparting clear and succinct advice. Moreover, they have an excellent command of English, French and German.

Your future
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A prerequisite for international career development is the willingness to travel and/or to go abroad for new assignments with *Deutsche Telekom.*

The first step
If you feel you are a match for one of the profiles described, we invite you to take the first step and send your application with a complete and up-to-date curriculum vitae (including salary expectations) to:

Coopers & Lybrand,
Organisation & Human Resource Management,
avenue Marcel Thiry 216,
1200 Brussels, Belgium,
for the attention of Paul Baert, Manager.

Confidentiality is assured.

Coopers
& Lybrand

Quantitative Fund Management

Portfolio Manager/Marketer £35,000 + Bonus

An outstanding opportunity for a young professional to join a leading US investment boutique.

Our client is the London office of a leading US investment boutique with assets under management in excess of $7 billion. They provide a range of index tracking products covering US, UK and continental equities, via open ended mutual funds, to their clients who are mainly pension funds of US corporations and government entities. Block trading techniques devised by the firm allow them to provide a broad exposure to specific asset classes at very low cost.

They now seek to appoint an individual to the London office to train as a portfolio manager/marketer. After an initial training in Los Angeles, the chosen applicant will be responsible for trading the UK and continental equity funds, alongside one other manager. In addition the role encompasses liaison with head office, custodians and clients including active marketing of the firm's products to existing clients.

Candidates may come from a variety of backgrounds including academia, broking, fund management or treasury. To be considered for the role you must have an outgoing personality combined with some sales/marketing experience, a knowledge of investment theory and equity markets. Intelligent, adaptable and numerate, candidates must demonstrate an ability to work in a small team.

Interested candidates should write to **Paul Wilson**, enclosing a curriculum vitae, at **Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.**

Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Dusseldorf Sydney

Societe Generale Equities

Societe Generale Equities International started trading on 14th September 1992 in Continental European Equity products. It is 100% owned by Societe Generale and a member of the London Stock exchange and SFA.

It is looking to recruit an experienced generalist equity sales person, a specialist German equity sales person and an Italian/Spanish equity sales person. Roger Hornett heads the existing team which comprises four specialists and five generalist sales people. Steven Gee and Stuart Glenister respectively head the Trading and Sales-Trading areas which comprise a further six people.

SGEI has the advantage of working closely with its Continental affiliates in France (Delahaye Ripault); Germany (Elsassische Bank); Italy (Albertini); Switzerland (Sogenal) and Spain (Valores).

Please contact in strictest confidence:
Hugh L. Hughes
Chief Executive **Tel: 071 638 9000**

Securities Lending
Product Development Manager

We are acting on behalf of the London operation of a major US banking corporation. Our client, a recognised leader in the global custody marketplace, is seeking to recruit a product development specialist to join their London-based International Securities Lending team.

The successful candidate will be responsible for the co-ordination of a number of projects leading to the continued development of the international securities lending product in London. This key strategic role will involve research and analysis, product design, project planning and implementation, requiring liaison with all relevant functional areas in London and Head Office.

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ACCOUNTANCY COLUMN

Environmental auditing still awaits its green signal

Pratap Chaterjee on the challenges facing the measurement of ecological issues on the balance sheet

DAYS BEFORE the Earth Summit in Rio de Janeiro this past June, Greenpeace's ship, the Rainbow Warrior, blockaded Aracruz Celulose's port in Brazil. Activists had turned up to confront the chairman of the world's largest exporter of bleached eucalyptus pulp, who was speaking at a conference of the Business Council for Sustainable Development in Rio.

At stake was the new concept of "sustainable development" he was promoting, and for which the United Nations is now trying to draw up an accounting standard.

In a publication released for the conference, Aracruz declared that its pulp production methods demonstrated that "enlightened environmental and social stewardship can be combined with corporate profitability".

Greenpeace claims this is not really what Aracruz is doing. Near the port they were blockading, Aracruz grows eucalyptus trees which it harvests for wood every seven years. The company claims that new eucalyptus forests it had planted are regenerating the local economy and the environment.

But forest campaigners for Greenpeace say that Aracruz's forests are eucalyptus monocultures that destroy topsoil, water tables and biodiversity. They also say that Aracruz omits to mention that the land it now harvests belonged to the native Tupiniquim people and was handed over by a former military regime which claimed the local people were not natives.

These are a few of the issues with which accounting for sustainable development is fraught. Its proponents argue that the newly-emerging field of environmental accounting is only the tip of the iceberg. Groups like Greenpeace say it is not enough to increase forest cover; only by including issues such as the types of forests, their effect on the environment and the impact on the local community can the full picture of corporate performance emerge.

A traditional set of accounts shows financial profits and losses. It takes into account the depreciation of tangible assets acquired, certain intangibles like goodwill, and sets aside provisions against disasters or liabilities.

New environmental standards say that it should also reflect expenditure of natural resources like air or soil. If a toxic substance is emitted, there could be a future cost that would affect the traditional balance sheet. This impact might include respiratory problems caused by the emissions, or even loss of life. The latest accounts of the chemical manufacturers Monsanto noted that it had doubled its balance sheet liability for cleaning up its toxic wastes in the last financial year from $120m to $245m, for instance.

Kristin Dawkins, an analyst at the Institute for Agriculture and Trade Policy in Minneapolis, who has been developing a model for what she calls "full cost accounting", explains that even this approach to accounting for future liabilities is not sufficient. She stresses the importance of other factors that cannot be identified so easily.

She says there can be a vast difference between the market's valuation of social and ecological impacts, and a community's definition of the non-market value of the same resources. The full value of a particular log would be different for a furniture company, the timber industry, and a Amazonian Kayapo Indian living in the forest, for example.

Simply replacing a mahogany tree with eucalyptus is good enough for the timber company, which will return to harvest the tree seven years later. In succeeding years, if the soil continues to produce eucalyptus, the company gets its share of wood every seven years. Likewise the furniture company is satisfied with the same return.

'Companies need to be viewed as living, breathing and excreting organisms. We have to look at everything that goes in and everything that goes out'

But for the Kayapo, the eucalyptus tree has few leaves and adds very little value to the soil. By contrast, the traditional Brazilian rainforest trees decompose and add organic material that supports millions of other plants and animals on which the Indians depend for food and medicine.

These environmental issues are gradually beginning to be tackled by some accountants. Daniel Rubenstein, of the Canadian Auditor General's office in Ottawa, has been attempting to develop green standards. He says that companies should present separate environmental balance sheets so that analysts and shareholders can compare the protective measures taken by different businesses.

Resources that are used and returned in their original state, such as a factory site, can be considered "borrowed". While they are being used, the company will have to pay a "price" for the dangers of contamination. Oil companies will have large "expenses" for transporting oil over the sea, for instance, but they can write off the liability once it is sold.

Rubenstein's work was partly commissioned by the United Nations' Transnational Corporations and Management Division in New York. Lorraine Ruffing, the chief of its accounting section, says there is now similar work beginning on green accounting in Britain and at the European Community in Brussels.

But her the latest project, which is being developed by Harris Gleckman in the environmental department of the same UN division, will try take the issue still further towards the approach suggested by Dawkins. In the case of an oil company, that would mean taking into account what happens to the oil after it has been sold.

This is called "full life-cycle accounting", by which a company must reflect the impact of a product from cradle to grave. Ernst Callenbach, an adviser on eco-auditing for the Elmwood Institute in Berkeley, California, says: "Companies need to be viewed as living, breathing and excreting organisms. We have to look at everything that goes in and everything that goes out."

One company that employs these ideas is a Danish textile manufacturer called Novotex. It analysed the environmental impact of every stage of the production of cotton T-shirts, covering every detail of cultivation, such as the use of pesticides, fertiliser, irrigation, defoliant, transportation and the working conditions of labourers. The same comprehensive thinking was applied to spinning the raw cotton, knitting the thread into fabric, dyeing, shirt manufacturing, possible recycling, and finally its destruction.

Other companies attempting to scrutinise the full costs include Esprit, which has started a line of more environmentally-responsible clothing, and the Swiss corporation Ecover, which manufactures washing liquids and even cautions consumers against using too much of its product – a novel but effective marketing technique.

But most such experiments are still at a very early stage. Novotex readily admits that it still has "a lot of goals ahead". For some companies, the choices are also much more difficult. Extractive industries clearly cannot replace the minerals they take from the earth, for instance.

In many cases, the potential future environmental significance may remain unclear. For instance, loggers had cut down all but the last few clumps of the Pacific Yew – once known as a "trash tree" – before researchers discovered that its bark could treat breast cancer.

How does an accountant or an actuary work out the possible benefits of this discovery? The only way is to ensure that no stocks of natural "capital" are completely depleted. That goal is many years off.

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An important feature of its management structure has been the influence and impact that its finance function has with a particular reference to strategy and long term planning within the Group.

In order to further strengthen its breadth and depth of management expertise the organisation is now keen to appoint a Financial Analysis Manager. The appointed candidate will be responsible for the development of a function that will focus on establishing key initiatives which will support and advise on a range of business driven issues. An important feature of the role will therefore be to enhance the quality and relevance of financially based information for monitoring performance and to provide the basis for planning, budgeting and forecasting, thus playing a key role in providing real added value to the organisation's decision making processes.

The position will require the intellectual and perceptive attributes of a highly motivated individual who is capable of working in a challenging and demanding role that is characterised by continual change and ever increasing levels of autonomy and responsibility.

As a qualified accountant, you should have already gained relevant functional experience from working in an international company with proven qualities in terms of leadership and project management. The role offers an exceptional opportunity to further develop your career with the certain prospect of promotion in the short to medium term.

Interested candidates should respond promptly to Charles Austin at the address below or by fax on 071-491 8676, quoting reference CA342.

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

PLC - HQ ACCOUNTANT

c £30,000 + expensed car + bonus

Central London

The Group is a renowned worldwide FMCG business, market leader in many of its product areas. Current turnover exceeds £400m with significant earnings in overseas markets.

London HQ provides central management and direction over a sophisticated corporate structure, making this a stimulating environment in which to work.

The HQ Accountant, working in a high quality professional team, is responsible for providing efficient financial and management accounting for the centrally- controlled companies and Holding company. Emphasis is placed on ensuring timely and accurate production of accounts, budgets and financial control information. There is frequent liaison with group & divisional Board members and senior managers, which requires tact and self-confidence.

Candidates will be CAs, 35 - 50, from a PLC corporate centre background. Statutory knowledge must be up-to-date and recent exposure to VAT & payroll matters is equally important.

JEFF ADCOCK ASSOCIATES
081 505 0544

Please reply initially with your CV to:
Jeff Adcock
Jeff Adcock Associates
12a The Broadway
Woodford Green, Essex. IG8 0HL

Financial Controller

South Coast | To £55,000 + Car + Bonus

A highly commercial role with an innovative and dynamic insurance company

Part of a substantial international group, this leading general insurer, with assets over £1bn, is reacting positively to a changing insurance market.
The company is committed to:-

- using advanced technology;
- first-class customer service;
- a flexible approach to product development and distribution.

As the result of a restructuring aimed at improving profitability, the position of Financial Controller has been created within a major operating division. Reporting to the Group Finance Director and working closely with the Divisional Managing Director, the Financial Controller will provide a key support service to the division on all financial issues.
Principal duties will include:-

- financial and operational planning;
- analysis and interpretation of financial information for Divisional Management;
- full participation, as a senior manager, in all aspects of the running of the division.

This is a highly visible strategic role, and is viewed by the company as an excellent opportunity to build a long-term career in an environment of rapid change.

Candidates will be graduate Chartered Accountants aged in their 30s or early 40s, with significant exposure to the insurance industry. This may have been gained in a professional firm or in a forward-thinking insurance company.

In either case, proven intellectual ability is essential, combined with commercial awareness, first-class communication skills and self-sufficiency.

In addition to an excellent salary and fully-expensed car, the company offers a full range of benefits, including assistance with relocation, where necessary.

Interested applicants should send a detailed CV to the address below, quoting reference number 168J.

GKRS
SEARCH & SELECTION
CLAREBELL HOUSE, 6 CORK STREET, LONDON W1X 1PB. TELEPHONE: 071 287 2820
A GKR Group Company

FINANCE DIRECTOR

EUROPEAN MANUFACTURING GROUP

£50,000 + ATTRACTIVE PACKAGE | **YORKSHIRE H.O.**

The successful applicant will form part of a small central management team. You will be responsible for all financial and certain commercial aspects of the group's operations, including group financial management and reporting; monitoring the financial performance of subsidiaries; Treasury management; banking and investor relationships; group taxation; assisting with preparation for possible floatation.

The successful candidate will be an FCA or equivalent, probably a graduate, and have proven successful experience at a similar level. Language skills would be helpful but not essential. Opportunity of equity participation.

Please write including a full CV with salary details to:
Box A696, Financial Times,
One Southwark Bridge, London SE1 9HL

FINANCE DIRECTORS

EAST COAST SCOTLAND OR SOUTH EAST ENGLAND

£40-45,000 + performance bonus + executive car

If you have board level experience in a large-scale, continuous process industry, our client could offer you a key commercial role within a UK market leader, together with career prospects in a major international group.

This group has two subsidiaries that run continuous process operations on the East Coast of Scotland and in South East England, each company employing around 600 people. Both businesses are expanding as a result of recent investment, and trade in a market that expects steady growth through the 1990s.

As a Finance Director for one of these copanies, you would play an active part in the strategic planning of the business, and have considerable influence on day-to-day management. In addition to financial planning and board responsibilities, you would head up our Accountancy and Purchasing teams.

The ideal applicants for these positions should be ACA or ACCA qualified, and have a depth of commercial and strategic planning experience gained in a capital-intensive industry or a large-scale manufacturer. It is imperative that you have the business acumen and energy to develop the company's performance, and the personal potential to progress your career in the UK or abroad.

Our client offers a rewarding salary and benefits package, which includes private health care and relocation assistance where appropriate.

To apply, please send your full career and salary details, quoting ref. CRS1035, to: Heather Webb, Barkers, Imperial Building, 20 Victoria Street, Nottingham NG1 2EX. *Please specify in a covering letter any companies to which your application should not be sent.*

OFFICES IN: LONDON, BRISTOL, BIRMINGHAM, NOTTINGHAM, MANCHESTER, GLASGOW, EDINBURGH.

BARKERS

Group Audit – Major Plc

A diverse £ multi-million group undergoing significant change, my client is driving hard to achieve excellence in all of its business activities.

Conceived just two years ago, the Group Audit function has already established itself as a powerful force within the business. Working at the highest level, its role is to monitor risk and advise senior management. This doesn't just cover systems and controls, but operational and organisational matters too. A vigorous commercial outlook underpins all work.

Two new high calibre finance professionals are needed to join this enthusiastic team. Already on the fast track, your interpersonal skills will match your considerable technical expertise. Incisive and analytical, you will relish an intellectual challenge and thrive in a people orientated open culture. You will also be motivated by the expectation that you will make a major contribution to the further development of the function. Flexibility and a commitment to quality are therefore essential.

For the Manager, you will be professionally qualified and have at least three years PQE in either a big 6 firm or a major industrial group. Previous experience of a progressive internal audit function would be a considerable advantage. You may also have specialist computer audit experience, although this is not essential to the role.

For the Senior, you will be a recently qualified ACA currently in a big 6 practice, although finalists awaiting their results will be considered.

The Audit function is deliberately conceived as an entry point for ambitious young professionals. It provides an unequalled opportunity for career progression to senior financial or commercial roles throughout the Group. Take the first step by sending a comprehensive CV (including remuneration details) to Andrew Burke, Macmillan Davies, Colston Centre, Colston Street, Bristol BS1 4UX.

Audit Manager
c.£35,000
plus car and benefits

Senior Auditor
c.£22,000
plus car and benefits

East Midlands

Macmillan Davies
SEARCH & SELECTION

Standard Chartered

Internal Audit Manager

Attractive Salary & Bank Benefits — City

Excellent opportunity for an experienced Manager to join a highly regarded team working closely with UK and overseas business units.

THE COMPANY
- Worldwide banking group, particularly strong in Asia-Pacific, Africa and Middle East.
- Internal audit teams operate throughout the global network, to highest professional standards.

THE POSITION
- Senior manager in high profile group influencing the business units.
- Co-ordinate strategic and operational planning of reviews in the UK and Europe.
- Manage and develop a multi-disciplined team of specialists.

QUALIFICATIONS
- Age c.30. Ideally, graduate ACA/ACIB with five years' relevant experience gained in professional practice and banking.
- First class technical ability, pc literate with budgeting and financial planning experience.
- Excellent communicator, confident, creative and enthusiastic. Strong management skills.

Please reply in writing, enclosing full cv, reference M0543
54 Jermyn Street, London SW1Y 6LX

N B SELECTION LTD
a Norman Broadbent International associated company

NBS

London 071 493 6392
Bristol 0272 291142 • Glasgow 041 204 4334
Aberdeen 0224 638080 • Slough 0753 819227
Birmingham 021 233 4656 • Manchester 0625 539953

Finance Director (Designate)

Herts — £37,000 plus car

Our client is a well-established, international business travel agent, with annual turnover in the region of £20m. The company is a subsidiary of a diverse group and is entering an exciting phase in its development. As a result of a promotion the company now wishes to appoint a Finance Director (Designate).

This broad and challenging role will be pivotal in the continued success and commercial development of the business. Reporting to the Managing Director, your responsibilities will include the provision of meaningful management information to tight deadlines; the review and development of existing financial systems, procedures and controls; and the management and motivation of a team of six staff. The efficient management of cash and debtors will be fundamental to your role.

You will be a qualified accountant, in your late twenties or early thirties, with broad experience gained in a fast-moving, service environment. You will be PC and spreadsheet literate with strong management accounting skills and a commercial focus. Well-developed communication skills and a team orientated approach are essential.

BDO CONSULTING

If you are the self-starter we seek please write in confidence to Richard Holland, quoting reference 1708. Please include full salary details and a daytime contact number.
BDO Consulting, 20 Old Bailey, London EC4M 7BH.

CONTROLLORE FINANZIARIO

NORD ITALIA

c. 100 milioni di lire + Bonus

30 YEARS IN CAREERS

Le recenti acquisizioni di successo e la continua crescita organica hanno piazzato questo prestigioso gruppo internazionale di leisure/FMCG tra le compagnie leader del momento in Nord America ed Europa.

La sussidiaria italiana ha avuto una forte crescita della sua acquisizione nel 1989. Tramite tecniche innovative nel marketing e una forte immagine della marca, la compagnia ha recentemente ottenuto la terza posizione nel mercato del settore nazionale.

L'opportunita' di questo impiege e' stata creata da tendenze internazionali e richiede un'abilita' nell'affrontare i cambiamenti e il notevole sviluppo posto come obiettivo. La responsabilita' specifiche includeranno relazioni finanziarie della direzione, controllo del processo di bilancio e interazione con il settore MIS per migliorare l'informazione dell'attivite'.

Coloro che prestano demande, dovranno avere una qualifica riconosciuta internazionalmente nel settore della contabilita'/MBA, e parlare inglese ed italiano correntemente. E' preferita l'esperienza di almeno 2-5 anni in campo commerciale in una compagnia internazionale FMCG, ma sara' considerato anche un esperto in contabilita' con esperienza in un'azienda commerciale e con capacita' rilevanti all'impiego. Sono necessarie ottime capacita' di comunicazione, un attaggiamento maturo e un alto livello di successo nella carriera conseguito ad oggi.

I candidati interessati dovranno contattere ***Jennifer Ogden*** o ***Gary Johnson*** al numer ***071-629 4463*** (giorno), o allo ***071-326 0068*** (sera e fine settimana), oppure inviare il proprio Curriculum Vitae in inglese all'indirizzo qui sotto con riferimento JO/944.

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
LONDON • READING • GUILDFORD • ST ALBANS • BRISTOL • BIRMINGHAM

UK FINANCE MANAGER

INTERNATIONAL GROUP

c.£35K + BONUS, CAR & RELOCATION ASSISTANCE • BANBURY, OXON

S&A Lesme Callebaut is the UK arm of Callebaut International, a world leader in bulk chocolate manufacture. The Group's Head Office and central finance operations are in Belgium and there is a UK financial accounting team at Banbury.

The need to further develop the UK accounting team and integrate the UK operation into the European structure and its markets, has created an important new role of UK Finance Manager, and the brief for the professional we appoint to it will be threefold.

One: In close liaison with the Finance Director Europe, to establish the Belgian centre's management and decision support information requirements, and develop the appropriate reporting systems.

Two: To contribute to the running of the UK business by supporting the management team with high quality financial information, forecasts, interpretation and comment, as well as undertaking business analysis and review.

Three: To take day to day responsibility for the leadership, direction, motivation and development of the nine strong UK accounting team.

Candidates will be graduates and qualified accountants with around 10 years' experience. CVs will demonstrate a blend of technical, line management and systems exposure, as well as an awareness of international tax and treasury implications, preferably gained in a multi-national, industrial or commodity environment. A knowledge of the SAP package would be an added advantage.

The salary is supported by a range of benefits including bonus and a company car. In addition, relocation assistance is available if appropriate. The biggest attraction of the role however, is the chance to make a significant impact on a developing business at a time of rapid change and expansion into new markets.

Send a detailed CV to Dawn Swarbrick, Human Resources Manager, S&A Lesme Callebaut Limited, Banbury, OX16 7UU.

S&A LESME CALLEBAUT

THE PERFECTIONISTS

ESSEX — £50,000 + CAR

Financial Controller

For the major subsidiary of a fully quoted plc supplying engineering materials to industry nationwide. A high volume fast response distribution business, with some thirty operating sites throughout the UK, with turnover of £100m. Recent and further planned rationalisation and restructuring of the business has created an exceptional career opportunity for a strongly commercially orientated, hands-on Financial Controller.

Reporting to the Group Finance Director and managing a team of forty you will play a key role as a member of the management team, in directing and leading a process of change management to improve financial controls, systems and profitability. Of particular importance are financial management accounting and performance monitoring, preparation and monitoring of business plans and forecasts coupled with cash and treasury forecasting.

A qualified accountant you should have in-depth experience and a proven track record of financial control in a high quality, service orientated distribution business. Accustomed to managing a substantial finance function and to meeting demanding deadlines, you must also be comfortable with fast moving, evolving IT environments. You should have had previous involvement in organisational change or business restructuring and it is unlikely anyone under 35 will have amassed sufficient experience.

Please send full personal and career details, including daytime telephone number, in confidence to Torrance Smith, Coopers & Lybrand Executive Resourcing Limited, 76 Shoe Lane, London EC4A 3JB, quoting reference TS947 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

M4 CORRIDOR — c £50,000 + BENEFITS

Finance Director

An exciting and challenging opportunity is offered to join a fast growing and innovative company in the communications sector. The financial backing of major international groups coupled with a captive market underpin expectations of further substantial growth over the next few years.

Working closely with the Managing Director and a small core management team yours will be a key commercial role. With a finance team of some twenty staff you will take responsibility for preparing financial plans and projections; provide timely, accurate and meaningful financial information and monitor financial performance; be pro-active in controlling capital spend and achieving operating targets. In the immediate future, financial control of a series of major technological projects coupled with raising substantial additional funding will be important aspects of the role.

A qualified accountant, probably "Big 6" trained and in the age bracket 35-45, you will have a minimum of five years commercial experience of which at least two should be at board level. Accustomed to working in a High Tech FMCG or high volume service sector environment, you should have extensive experience of leading edge IT systems and of managing qualified staff. A proven record of raising new equity and big ticket project finance would be a distinct advantage. Personally you must be dynamic, entrepreneurial and able to relate to a wide spectrum of people and cultures; a working knowledge of French would be useful.

Please send full personal and career details, including current remuneration and daytime telephone number, in confidence to Adrian Edgell, Coopers & Lybrand Executive Resourcing Ltd, 9 Greyfriars Road, Reading, RG1 1JG, quoting reference AE867 on both envelope and letter.

Coopers & Lybrand Executive Resourcing

Finance Director

London — c £50,000 + Car

Our client, a small, successful business currently wishes to backed by a major financial institution wishes to undertake an MBO, with the agreement of its parent.

A number of potential sources of finance for the restructuring have already been identified. However, success will be dependant upon the appointment of an experienced Finance Director who will play a significant part in these negotiations.

During and following the MBO, the Finance Director will be a key member of the three man executive management team. Working both at the detailed and strategic levels, the successful candidate will be expected to make an immediate and significant contribution to the business. The role also encompasses responsibility for financial management, systems, relationships with external advisors and staff management.

The ideal candidate will be a qualified accountant, aged 35-45, who can demonstrate a successful track record within a small business environment. Commerciality, maturity, enthusiasm and credibility at board level are prerequisite to the appointment.

Interested applicants should send a full curriculum vitae, quoting **reference 30101**, to **Diane Forrester ACA, Michael Page Finance, Executive Selection Division, Page House, 39-41 Parker Street, London WC2B 5LH.**

MP

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

NCVQ National Council for Vocational Qualifications

Asst. Director of Finance & Admin.

London — to £39,339 + Car

The NCVQ is a Government sponsored body set up to establish and maintain a comprehensive national system of vocational qualifications. It accredits as National Vocational Qualifications (NVQs) qualifications which confirm competence to national standards meeting present and future needs in employment, and are open with full equality of opportunity to all who can demonstrate that competence. Approximately half of its gross expenditure is currently funded by Government grant-in-aid, but it is expected to recover by 1995/96 all of its costs through its earned income, which will be derived mainly from fees payable by awarding bodies on NVQ certificates issued to successful candidates. The National Council employs approximately 90 people and is a company limited by guarantee and a registered charity.

The Assistant Director of Finance & Administration will be responsible for developing and maintaining first class financial and management accounting systems, and for supporting systems of budgetary control and financial management.

After an initial period he or she will also take over responsibility for company secretarial work. **In due course it is expected that the successful candidate will succeed the present Director of Finance and Administration, who is due to retire in 1994, and in this capacity to play a leading role in the financial, business and administrative management of the NCVQ's activities.**

Applicants should have broad experience of financial and management accounting, experience in management, the ability to communicate well in writing and orally, and an appropriate qualification. He or she will need a good knowledge of and firm commitment to the NVQ system or the ability to acquire them quickly, and the ability to form good working relationships with colleagues and contacts at all levels in the NCVQ and other organisations.

Interested applicants should write enclosing a curriculum vitae to **Hugh Everard, Director, at Michael Page Public Sector, Page House, 39-41 Parker Street, London WC2B 5LH,** or telephone him on 071 831 2000.

MP

Michael Page Public Sector
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Financial & Payroll Accounting

Two London-based management roles within a dynamic international communications organisation

Excellent salaries + benefits

These challenging opportunities occur at the headquarters of Inmarsat, the world's leading provider of mobile communications services via satellite to users at sea, on land, and in the air.

A commercially-oriented international co-operative backed by 68 member countries, Inmarsat operates in an increasingly competitive environment where effective budget control and cost allocation on $multimillion projects is a top priority.

Financial Accountant

You will be responsible to the Manager, Accounting and Budgets for managing a small team against a background of strict reporting deadlines. You will control the commitment of all budgets and ensure that accounting and internal controls are exercised to a high standard and that transactions are fully and efficiently accounted for. The preparation of monthly financial statements and the enhancement of computerised financial information systems are key tasks.

A qualified accountant, you must have at least 5 years' post-qualification experience of preparing monthly reports to tight deadlines and dealing with a range of accounting functions in a commercial environment, including the maintenance and enhancement of a sophisticated, integrated computer system. You are highly computer literate, with an in-depth understanding of Lotus 123 and Excel, and a first-class team player and manager. **Ref: FA/MS/FT.**

Senior Payroll Accountant

You will be responsible to the Manager, Revenue, Signatory Accounts and Payroll for managing the payroll process: from controlling the monthly processing operations, supervising payroll accounting, and developing and implementing system improvements including resource cost allocation methodologies, to maintaining accounting records for the Inmarsat Pension Fund and ensuring compliance with all payroll regulations.

A numerate graduate, you must have run a PC-based payroll system and have experience of allocating costs to projects and supervising staff. **Ref: SP/MS/FT.**

Salaries will reflect the high level of competence, experience and qualifications we require, and a first-class benefits package includes private health insurance, an excellent pension scheme, and 5 weeks' holiday.

To apply, please fax or mail full career details, quoting the appropriate reference, to Mike Stockford, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR. Facsimile: 071-333 5050.

Inmarsat SM

Manager Financial Planning and Control – Europe

NORMANDY

£45,000 + Profit Share

Our client is the transport refrigeration division of a major US group. Worldwide sales for the division stand at $600 million, a significant proportion of which is generated in the European region. As a member of the European Finance and Administration team, you will report directly to the Finance Director for Europe. Responsible for all aspects of planning and control for the Division in Europe, your role will be strongly operational and project related.

Based in Rouen, the position entails travel to the various subsidiaries throughout the region.

Aged between 27 and 33, you must have:

- a university degree followed by a business/accounting qualification
- at least five years anglo-saxon accounting experience in a multinational context
- *a good grounding in the French language*
- excellent communication skills

You must be a creative and analytical accountant with the flexibility to thrive in an ever-changing environment. This is an ideal opportunity for a young, ambitious professional to embark upon an international career. The short term offers the prospect of a pan-European acquaintance with an expanding organisation with solid prospects for international career progression for the achiever.

Interested candidates should write in confidence to Rod Bailey, quoting reference 9731, at Nicholson International France, Search and Selection Consultants, 72 Rue du Faubourg St Honoré, 75008 Paris, alternatively fax your details on 010 331 4007 8030/40 or telephone *010 331 4007 8343 for an initial discussion.*

NICHOLSON INTERNATIONAL

DIRECTORS SEEKING A NEW ROLE?

Europe's leading outplacement and career management consultancy, InterExec has over 15 years' experience of managing career change for senior executives and many of Britain's largest companies.

By accessing over 6,000 unadvertised vacancies a year, mostly at £40-150,000 p.a. InterExec provides clients with vital market intelligence AND its subsidiary, InterMex, makes recommendations from its candidate bank without charge.

For further information call Keith Mitchell on 071-930 5041

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ACCESS THE UK'S LARGEST SINGLE SOURCE OF UNADVERTISED VACANCIES

FINANCIAL DIRECTOR (DESIGNATE)
FOOD MANUFACTURER NORFOLK
T/O £10 MILLION + – PACKAGE £30K + CAR

We require a minimum of 5 years post-qualifying, relevant experience. In-depth knowledge of manufacturing systems and total computer literacy are *pre-requisites. Hands-on working environment.* Workforce 500+ spread over 2 sites.

C.V. to S. Burrell, Smith Burrell, Compass House, Trenowath Place, 11a King Street, King's Lynn, PE30 1ET.

ALPS

ACCOUNTANCY & LEGAL PROFESSIONS SELECTION LTD.
3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 071-588 3588 Fax No. 071-256 8501

A key position for a pro-active accountant with excellent promotion prospects

ALPS

FINANCE MANAGER

CROYDON **£30,000 - £35,000**

UK SUBSIDIARY OF AN INTERNATIONAL SERVICE GROUP - T/O c. £70m

We invite applications from Accountants (CIMA, ACA, ACCA), aged 30-35, with at least 5 years' post-qualification experience, *including 2 years as a line manager, ideally in a medium-sized commercial/service organisation, using computerised accounting* systems. A Finalist with particularly appropriate management experience will also be considered. The successful candidate will be responsible to the Managing Director and European Audit Manager for the monthly financial and management accounts, with commentary for the UK and parent Boards, for providing monthly variance analysis, weekly cashflow, credit control and, of key importance, the review and implementation of new procedures and documentation. The management of a small but competent *team and significant input into ad hoc and strategic planning exercises are additional important features of this autonomous* position. Personal characteristics considered essential include a pro-active, hands-on approach, the management skills to develop and lead a team and the ability to make an immediate contribution to the efficiency and profitability of this service organisation. Initial salary negotiable £30,000 - £35,000 (car optional with salary adjustment) + contributory pension, free life assurance and free BUPA. **Applications, in strict confidence, under reference FM 224/FT to the Managing Director, ALPS.**

Excellent Career Opportunity for a Professional in the Treasury Function

ASSISTANT TREASURER

LONDON W1 **ATTRACTIVE SALARY PLUS CAR**

EUROPEAN HEADQUARTERS OF MAJOR INTERNATIONAL GROUP WITH HIGHLY DIVERSIFIED OPERATIONS.
EUROPEAN TURNOVER CIRCA $2.5 BILLION

We invite applications from graduates with a financial/economic background, ideally supplemented by ACT, MBA or accounting qualifications, age 28+, with at least 2 years' previous experience in a treasury/corporate finance function. Reporting to the Treasurer the selected candidate will assist in managing the day to day operations of the company's captive finance company with total assets of $1.0 billion. Responsibilities will include asset and liability management, banking relations interest rate and currency exposure management as well as planning and implementation of financial proposals including close co-ordination with legal, tax and accounting professionals. The position demands strong analytical skills as well as a strong financial background.

Applicants should send a full CV in strict confidence to Box A701, Financial Times, One Southwark Bridge, London SE1 9HL

BTP plc.

Group Treasurer/Project Accountant
North West - c £32,000 + car + benefits

BTP plc. is a rapidly expanding and acquisitive UK based international chemical group, whose current turnover is £200M.

Due to an internal promotion we now seek to appoint a Group Treasurer/Project Accountant. Reporting to the Group Finance Director, your brief will be the strategic development and day to day management of the treasury function. In addition you will undertake ad hoc assignments relating to potential acquisitions, post acquisitional control, group working capital requirements, internal audits and capital project audits.

You are likely to be an ACA, aged 28 - 35, with treasury experience possessing a broad financial outlook. In addition taxation experience would be an advantage.

The role will involve a significant amount of overseas travel. The successful candidate will show a mature approach, be an excellent communicator at all levels and be able to work on his/her own initiative in a rapidly changing environment.

The rewards and benefits package is attractive and the position offers excellent opportunities for future progression within the expanding BTP Group.

Candidates should apply in writing, enclosing a full CV to:-

The Finance Director
BTP plc
Hayes Road
Cadishead
Manchester M30 5BX

EUROPEAN FINANCIAL CONTROLLER

BERKSHIRE

Salary Neg + Benefits

This rapidly growing international company, which manufactures and distributes computer networking systems, is seeking to add to its financial staff at its European Headquarters.

Applicants will need to manage the financial and accounting processes for the European sales operation, which currently consists of six wholly owned subsidiaries. Candidates must also be able to assist the Managing Director – Europe with strategic issues in order to develop the company further and to be actively involved with our international sales team, selling into areas outside the European Community. *An accountancy qualification* is considered to be essential for this position. Additionally, ten years experience in a high-pressure sales environment is preferred, as is experience in controlling finance across a number of European countries. Applicants should also be fully conversant with Integrated Management Information Systems. Extensive travel within Europe will be required, therefore fluency in a second European language would be useful.

Applicants should send their CV with an indication of salary level to:-
Gillian Caine
Personnel Manager
Cabletron Systems Limited
Network House
Newbury Business Park
London Road
Newbury
Berkshire RG13 2PZ

CABLETRON SYSTEMS Ltd
The Complete Networking Solution

Oil Industry Assistant Accountant

This small, growing oil company with international operations based in Central London, can offer a flexible and broad work scope to an individual seeking variety, accountability and personal development.

Expansion has created this new position reporting to the Manager of Accounting. You will be responsible for a wide range of duties including CT and PRT issues, payroll and accounts payable. In addition, you will act as his deputy and be involved in a number of projects of an administrative and financial nature.

A graduate, you ideally have a minimum of 2 years' relevant upstream oil industry experience including a knowledge of PRT and will command a competitive remuneration package which reflects your experience.

In complete confidence, please write with CV to:
Diana Scott, Simpson Crowden Consultants Limited, 97/99 Park Street, London W1Y 3HA.

FINANCE AND ADMINISTRATION CONTROLLER

Highly successful investment promotion and management company requires a hands on accountant to join a small team and take responsibility for the Financial Accounting and Administration of a portfolio of investment companies.
The successful candidate will have at least three years experience in general accounting and administration and the motivation to work effectively with the minimum of supervision. Responsibilities will include all aspects of maintaining the accounting records, preparation of financial statements together with an involvement in regulatory and company secretarial matters. Familiarity with PC/Spreadsheet facilities is essential. This is a challenging opportunity and will be of interest to someone with ambition and the confidence to communicate at a senior level.
A competitive remuneration package will be available.

Interested candidates should send a comprehensive C.V. (including details of current salary) to:
M.T. Fitzgerald, Laser Richmount Limited,
Berkeley Square House, London W1X 6AN.

DIVISIONAL CONTROLLERS

Kwik-Fit

South East *£30 - 35k + Bens*

Kwik-Fit is the European market leader for automotive parts repair and replacement, operating through more than 600 specialist centres in the UK, Eire, Holland and Belgium. As part of the company's ongoing strategic development, a decentralised divisional structure is currently being established, requiring the appointment of Divisional Controllers in Reading and Harlow.

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Ideally aged 28-35, you will be qualified, self-motivated and commercially aware, possessing financial management experience within a computerised, results-orientated, preferably multi-site environment. Highly developed interpersonal and analytical skills, versatility and a hands-on approach to problem solving will also enhance your impact in the role.

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ACCOUNTING FOR GROWTH

Is Creative Accounting Still Alive After The ASB?

on Wednesday 24th February 1993 at
The London Marriott Hotel, Grosvenor Square, W1
8.15am - 9.30am

on Wednesday 3rd March 1993 at
The Runnymede Hotel, Windsor Road, Egham, Surrey
8.15am - 9.30am

Few business books have caused as much controversey as Terry Smith's 'Accounting For Growth'. The contents of the best selling business book of 1992 cost Terry Smith his £325,000 job as head of research at UBS Phillips & Drew and pioneered the author to celebrity status.

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COMMODITIES AND AGRICULTURE

Azerbaijan to announce Caspian Sea oil deals

By John Lloyd and Steve LeVine in Baku

THE GOVERNMENT of Azerbaijan says it is about to announce a series of contracts to major foreign oil companies to explore and exploit reserves in the Caspian Sea. Proven and probable reserves are estimated at about 7bn barrels with further significant discoveries thought likely.

These will be the first contracts with foreign companies signed by the former Soviet republic and are likely to establish the country as a significant oil producer within the decade. Mr Saleh Mammedov, the Azeri finance minister, said yesterday that the present production of between 10m and 11m tonnes should rise to 40m tonnes in 1996-97, with further rises thereafter. The Azeri government is looking to a sharp increase in oil output as the major means of reversing a disastrous industrial decline.

At the same time, the construction of a pipeline to take the oil out of the country – the only existing line runs into Russia – will profoundly affect the economy and the politics of the entire region. The pipeline project being studied by the Azeri government with the oil majors working in the country come down to a choice between running through the neighbouring countries of Iran, Gerogia or Armenia.

Paradoxically, even though Azerbaijan and Armenia are in a state of undeclared war over the Armenian enclave of Nagorno *Karabakh*, the *last* route is thought the most likely. This is because a pipeline through Armenia to Turkey could tap into an existing line from Iraq to the Mediterranean port of Iskanderon – unused at present because of sanctions against Iraq – with adequate loading facilities for supertankers.

The Georgian route to a Black Sea port would result in a bottleneck of supertankers through the Bosphorus - while the Iranian route is thought politically sensitive.

The first agreement between the Azeri State Oil Company and a foreign corporation is likely to be signed as early as Monday. This will be with the Turkish company, A.D. Petrosan, a subsidiary of the Attila Dogan construction corporation. This relatively small *agreement gives the Turkish* company 49 per cent of a joint venture to exploit proven and already-working reserves on land.

The next deal is likely to be with the US Pennzoil Corporation which, in partnership with *Ramco, the UK company, is* thought likely to conclude an agreement to up-grade and increase present production in *the off-shore Guneshli field* from the present 130,000 barrels a day to a level estimated by Pennzoil at 230,000 b/d within the next four years.

This deal is being pushed through because of the republic's desperate need to earn hard currency and to raise the low exploitation level of 50-55 per cent of proven reserves. Mr Sabir Bagirov, head of the State Oil Company, said he expected the Pennzoil deal to be signed within a week.

The third deal is expected to be with a consortium led by BP, which is exploring reserves in the Turag field, where production is expected to rise to 30m tonnes a year when it comes on stream. BP, with Statoil of Norway, says the Turag field has proven reserves of at least 1bn barrels and claims it is the largest Caspian field yet discovered.

The final project, the Amoco-led plan to develop the 2bn-barrel Azeri field, is the least certain of the projects. The Azeri government has postponed a decision because the US Congress has refused to allow *humanitarian aid to be sent to* Azerbaijan on human rights grounds. The issue is to be raised next week in Baku by *Mr Greg Laughlin, a Demo*cratic Congressman from Texas, who is coming to Azerbaijan for talks with the government on the oil contracts.

Oil prices rose by 25 cents in late trading to reach $18.60 a barrel for North Sea Brent crude, writes Deborah Hargreaves. The price rise followed comments by current president of the Organisation of Petroleum Exporting Countries, Mr Alirio Parra, that all 12 Opec countries had agreed to play their part in cutting the cartel's output by 1m barrels a day. Mr Parra was quoted by the official Opec news agency as saying the market had already taken account of an Opec accord to cut production to 23.5m b/d.

The International Energy Agency, the west's oil monitoring body, showed in its monthly oil report yesterday that Opec production had been 25m b/d in January. It estimated that world oil demand would rise by 1.5 per cent in the first quarter of the year to 39.9m b/d.

German group plans temporary zinc closure

By Kenneth Gooding, Mining Correspondent

RUHR-ZINC'S smelter at Datteln, Germany, is likely to close for about two months from the middle of April, taking about 30,000 tonnes of refined zinc out of the market this year, said Mr Heinz Schimmelbusch, chairman of Metallgesellschaft's executive board, yesterday.

He was responding to market rumours that MG, the German metals and engineering group, would follow Cominco of Canada, which last week announced poor market conditions were forcing it to cut production this year at its Trail smelter in British Columbia by 50,000 tonnes.

MG has close connections with Cominco and Mr Schimmelbusch said MG welcomed the Canadian group's move. He admitted: "We have actively been considering how we could contribute to improve conditions in the zinc market".

The opportunity would arise because further technical changes were to be made at the Datteln smelter and it would be advantageous to shut it down rather than keep it running while these were carried out.

In normal circumstances the *smelter would be kept operat*ing but the present depressed state of the zinc market made it more sensible to shut it *down temporarily, as this* made the work less risky.

MG owns 45 per cent of Ruhr-Zinc, which recently expanded the Datteln smelter's annual production capacity from 130,000 to 200,000 tonnes. MIM of Australia also controls 45 per cent of Ruhr-Zinc and Mr Schimmelbusch said a decision would be made at meetings next week at which he would recommend a temporary closure.

He suggested present London Metal Exchange prices were not reflecting the true value of zinc. Prices were abnormally depressed by a *surge in exports from the for*mer eastern bloc countries and by the liquidation of market positions built up during the technical squeeze in the exchange's zinc market for many months last year.

LME zinc stocks reached a record 525,000 tonnes this week and the International Lead and Zinc Study Group estimates that exports from eastern bloc countries more than doubled last year to 250,000 tonnes compared with western consumption of about 5.36m tonnes.

Big crops squeeze orange profits

Laurie Morse on the bitter fruits of aggresssive 1980s replanting

EXPECTATIONS OF near-record orange harvests in Florida and Brazil this year have sent prices paid to Florida fruit growers to their lowest levels since the 1950s. The harvest promises to be just the first in a series of bumper years, leaving a gloomy outlook for a price recovery in the sunshine state.

The bountiful supply of oranges is also projected to raise the combined production of frozen concentrated orange juice in Florida and Brazil to a record, a fact not lost on New York's orange juice futures traders. Futures prices for frozen juice for March delivery fell to 16-year lows this week. The March contract has fallen from $1.80 a lb 18 months ago to a low of 67.40 cents Tuesday. The drop accelerated last week, traders say, when it became clear that the season for a crop-damaging freeze in Florida was nearly over.

With large surpluses in the offing, both the US and Brazil are targeting Asian and EC countries for potential market expansion.

The orange juice market is suffering from the after-effects of crop damage done to Florida orange groves during a succession of frosts and freezes during the 1980s. Growers compensated for tree losses with aggressive replanting and most of those new trees are just now maturing enough to yield fruit.

The 1980s crop losses in Florida inspired a new orange industry in Brazil, which now claims title as the world's largest producer of frozen concentrated orange juice.

In 1986, in the midst of the crop damage, Florida had 43.5m orange trees. In 1992, the tree count had risen to 72.8m trees. Of that total, more than 30 per cent were 2 years old or less.

"Over time, this crop is only going to get larger," says Steve Platt, senior commodities analyst with Dean Witter Reynolds. "It takes three years to get an orange tree to produce, and the older a tree gets, the higher the yields".

The Florida orange crop currently being harvested is expected to yield 188m boxes of fruit and the Brazilian crop, which should come on to the market several months from now, is estimated at 292.8m boxes, both the second-highest crops on record. A box is 40.8 kg, or about 90 lb.

Florida's orange harvest is projected to hit 211m boxes three years from now, and 257m boxes in 10 years. Brazil's orange groves are also just getting into their stride, adding to production overload.

Orange growers in Florida received 45 cents a lb for orange juice solids this week, down dramatically from the $1.48 they were grossing a year ago. Mary Hartney, spokesperson for Florida Citrus Mutual, Florida's largest association of citrus growers, says "this is one of the worst seasons in memory for growers". She says the industry standard for break-even in orange production is $1 a lb.

So far the price slump has not prompted growers to abandon their crops, but Ms Hartney says another year of low prices could affect operations of the most highly geared growers. Brazilian growers are no better off. They are generally paid a moving average of the New York futures price for their fruit.

Judith Ganes, senior futures strategist with Merrill Lynch believes that if the futures price slide is severe enough, it *may encourage* Brazilian growers to limit their investment in the crop and trim tree yields. However, the overall crop impact would be minimal, she says.

While frozen concentrated orange juice futures prices and prices paid to farmers for fruit have slumped, analysts say the world price of 95 cents a lb for solid frozen orange juice concentrate has been *slow to fall*, leaving consumers with little benefit from the crop surplus.

Florida growers and fruit processors are looking toward expanding foreign markets to absorb the excess supply and stabilise orange prices. Ms Hartney says Japan and Germany are particularly promising markets, with per capita juice consumption in those countries less than a fifth of the American level.

Japan relaxed import restrictions against imported orange juice in April, 1992, and since then it has doubled its juice consumption. Germany's imports are also expected to rise once the country recovers from its current economic slowdown, Ms Hartney says.

Ekofisk safety plan 'inadequate'

By Karen Fossli in Oslo

THE NORWEGIAN Petroleum Directorate, the oil industry watchdog, has expressed concern over "inadequacy" of proposals submitted by Phillips Petroleum Norway to improve the safety and operational reliability *of the main processing* and transportation facilities of the North Sea Ekofisk field centre tank, the hub of the world's largest oil transportation system.

Last October, the NPD warned Phillips that it was considering an order to close the tank by the winter of 1995-96 for safety reasons.

The directorate is deeply concerned for the safety of personnel at the tank, its operational reliability and relentless subsidence of the field, which poses hazards to the facility. It said it would study Phillips' proposals for interim risk-reducing measures until mid-February before making a final ruling. But it was not satisfied with the premise on which technical evaluations for the proposed measures were based.

The NPD ordered Phillips, *operator of Ekofisk with a 37* per cent stake in the field, to submit interim measures – which the directorate would have to approve – for continued operation of the facility until a long-term plan could be presented in July.

In response, Phillips said it was quite possible to achieve safe operations by applying modern safety and maintenance management principles but that it would enhance fire protection and provide an additional escape route at the tank.

To deal with field subsidence, Phillips is expanding water injection capacity through the use of a temporary facility from July 1993 while studies for permanent expansion are completed.

"We believe our proposals will enable the tank to meet *necessary safety criteria for* personnel and equipment. Our plans are to continue working with our co-venturers and government officials to ensure that Ekofisk will remain open, safe and economically sound for all parties involved," Mr Sander Bull-Gjertsen, a Phillips executive said yesterday.

About 18bn cubic metres of gas is transported annually through the Ekofisk system to a consortium of European buyers and about 40 per cent of Norway's petroleum production is processed there.

Canadian farmers to plant record rape area

By Bernard Simon in Toronto

CANADIAN FARMERS are set *to plant a record acreage of* oilseed rape this spring in response to a strong run-up in prices and steadily rising US *demand for rapeseed oil.*

Barring unforeseen setbacks, such as the early frost which damaged about 20 per cent of last year's crop, next season's prairie harvest could offset the expected tumble in European Community production. According to early estimates, European output will fall by at least 500,000 tonnes this year to a maximum of 5.7m tonnes, the lowest in four years.

An official at the Canola Council in Winnipeg – canola is the Canadian name for oilseed rape – estimates that this year's plantings in Canada will rise from 3.15m hectares (7.8m acres) in 1992 to between 3.44m and 3.64m ha.

With a yield of 23 bushels an acre the crop could be as high as 4.8m tonnes, up from 3.68m *tonnes in 1992. Last year's har*vest was initially estimated at 4.5m tonnes, but frost cut the area harvested to 2.83m ha.

The popularity of the crop is partly due to low wheat prices, but also reflects high canola prices prevailing on the Winnipeg commodity exchange. The March contract closed at C$333.50 (£184) a tonne on Wednesday, up from a low of C$275 a tonne last August. The March price has been as high as C$349 a tonne in recent months.

Mr Nick Underwood, the Canola Council's crop production co-ordinator, said that farmers "can lock in next year's production at good prices".

The most recent surge in prices has been caused by an *acute shortage of the top two* grades of canola, as a result of damage caused by last August's frost. A trader at ScotiaMcLoeod in Winnipeg said that prices would probably drop later in the year if the expected high plantings materialised.

However, the canola market is also expected to be buoyed over the longer term by firm US demand for canola oil. Canada's annual canola oil exports to the US have soared from 100,000 *tonnes to* 260,000 tonnes over the past five years.

Canola oil received Food and Drug Administration clearance as a "generally-recognised-as-safe" product in 1985. It has been promoted since then as the vegetable oil with the lowest saturated fats content on *the US market.*

Procter & Gamble and Hunt & Wesson are among the large manufacturers which now sell canola oil, either by itself or blended with other vegetable oils. Such well-known brand names as Mazola and Crisco now include some canola oil in addition to their traditional ingredients.

The Canola Council predicts that the total crush in Canada will rise from the 1.5m-tonne average over the past five years to 2.2m tonnes by the end of the decade.

Coffee producers set limits on pact compromise

By David Blackwell

COFFEE PRODUCING countries have set firm limits on the price they are prepared to pay for a new international pact, Brazil, the world's biggest producer, warned yesterday.

After two weeks of talks the fifth round looks like ending today with virtually no progress towards a pact with economic clauses. Delegates were meeting late into last night in a bid to clear a deadlock over whether there should be a review of the export quota system after one year of operation.

No attempt has been made to tackle crucial points such as how to determine quota size or the price range to be defended.

The fourth round of talks ended in December with consumers blaming producer countries for the lack of progress. Yesterday Mr Valdemar Leao, the producers' spokesman, said producers had to a large extent agreed to consumer demands, particularly for a universal quota and selectivity, under which the mix of the different coffee types exported would be determined – the producers proposing division into four types, the consumers favouring three. "We have compromised – but there are limits," Mr Leao said.

Mr Rubens Barbosa, the new head of the Brazilian delegation, said producers were not prepared to keep conceding without any concessions from the consumers. "We have the political will to work for an agreement," he said. "We have doubts that the consumers still have this will."

The agreement expires at the end of March, and provision has been made for a sixth round of talks in the last week of that month.

WORLD COMMODITIES PRICES

MARKET REPORT

Base metals prices eased off their highs during late afternoon trading at the London Metal Exchange. **COPPER** ran into technical resistance and Chinese selling before ending after hours trading $6 up at $2,238 a tonne in the three months position. The sterling quotation was £8.75 down at £1,560.50 a tonne as the pound clawed back some of its lost ground. The three months **ZINC** price broke above the $1,130 level at one stage, triggering some stop-loss buying orders, before settling back in after hours trading to $1,129 a tonne, up $4.50 from Wednesday.

***COCOA** futures finished near* the day's lows with sentiment on charts becoming increasingly bearish. The May position ended £22 down at the London Futures and Options Exchange. There continued to be unconfirmed talk that Ivorian arrivals may have been higher than previously believed. Robusta **COFFEE** futures managed to partially recoup earlier losses during the afternoon session but the May position, which had dipped to $910 at one stage, still finished $16 down at $928 a tonne.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Mar)		+ or -
Dubai	$16.08-6.10	+.205
Brent Blend (dated)	$18.69-8.72	+.275
Brent Blend (Mar)	$18.57-8.60	+.245
W.T.I (1 pm est)	$20.30-0.34	+0.28
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$193-195	+0.5
Gas Oil	$173-174	+4
Heavy Fuel Oil	$70-72	+1
Naphtha	*$179-180*	*-0.5*
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$328.15	-0.15
Silver (per troy oz)♣	367.5c	-0.5
Platinum (per troy oz)	$358.5	-2.5
Palladium (per troy oz)	$112.15	-0.45
Copper (US Producer)	104.0c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	14.85r	+0.09
Tin (New York)	268.0c	+0.5
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	-	
Sheep (live weight)†♣	-	
Pigs (live weight)†	-	
London daily sugar (raw)	$206.4	+1.9
London daily sugar (white)	$259.0	+1.6
Tate and Lyle export price	£252.0	
Barley (English feed)	£138.0z	
Maize (US No. 3 yellow)	£165.0	
Wheat (US Dark Northern)	Unq	
Rubber (Mar)♥	69.25p	-0.50
Rubber (Apr)♥	69.50p	-0.50
Rubber (KL RSS No 1 Feb)	239.5m	-0.5
Coconut oil (Philippines)§	$450.0y	+5.0
Palm Oil (Malaysian)§	$422.5w	+2.5
Copra (Philippines)§	$287.5	+2.5
Soyabeans (US)	£182.5u	-1.5
Cotton "A" index	59.20c	+0.20
Wooltops (64s Super)	405p	+5

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Mar/Apr u-Feb/Apr. x-Aug. w-Feb/Mar z-Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	185.00	182.00	184.00 181.00
May	192.00	190.00	189.00
Aug	194.00		189.00
White	**Close**	**Previous**	**High/Low**
Mar	253.50	252.00	253.50 252.00
May	255.40	254.20	255.50 254.50
Aug	258.00	257.50	258.00 257.10
Oct	243.40	242.80	242.60
Mar	244.40	243.30	243.50
May	247.40	246.30	246.50

Turnover: Raw 28 (78) lots of 50 tonnes. White 860 (1205) Paris- White (FFr per tonne): Mar 1462.46 May 1470.45

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	18.62	18.26	18.60 18.34
Apr	18.59	18.22	18.56 18.30
May	18.60	18.27	18.59 18.34
Jun	18.65	18.33	18.61 18.37
Jul	18.68	18.36	18.61 18.44
Aug	18.50		18.60
Sep	18.80		18.70
Oct	18.83		18.73
IPE Index	18.29	18.36	

Turnover 24169 (32676)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Feb	169.50	168.75	170.00 167.50
Mar	171.25	168.50	171.75 169.00
Apr	171.25	168.25	171.50 169.50
May	170.75	168.50	171.00 170.00
Jun	170.75	168.75	171.00 170.00
Jul	172.25	170.50	172.25 171.25
Aug	174.00	173.00	173.25 173.00
Sep	176.00	175.00	175.50

Turnover 19093 (25804) lots of 100 tonnes

FRUIT & VEGETABLES
Bramley apples are this weeks best fruit buy at 25-35p a lb (30-35p), along with other apple varieties such as English Russet and British Columbia Red Delicious, both at 45-50p a lb (45-60p), reports FFVIB. Navel oranges at 10-30p each (10-30p) and white-fleshed grapefruit at 12-25p each (12-25p) round off this weeks best fruit buys. Savoy Cabbages at 25-35p a lb (25-35p), broccoli at 45-60p per 8oz pre-pack (45-60p) and carrots at 18-20p a lb (18-20p) are all excel*lent vegetable choices. Round lettuce at* 25-30p each (30-35p) and Spanis celery at 50-65p a head (50-65p) are good buys.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	696	714	712 692
May	704	726	722 702
Jul	719	739	734 716
Sep	735	751	745 730
Dec	755	771	769 750
Mar	774	792	787 771
May	790	807	803 786
Jul	806	822	817 800
Sep	821	837	826 815
Dec	848	867	848 842

Turnover: 10917 (7878) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Feb 3 711.47 (729.09) 10 day average for Feb 2 738.53 (744.54)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Mar	930	946	937 915
May	928	944	934 910
Jul	917	929	922 902
Sep	925	936	930 920
Nov	940	948	934 930
Jan	955	960	942

Turnover:2587 (4617) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Feb 3: Comp. daily 57.73 (58.12) 15 day average 56.71 (56.96)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	49.4	49.9	50.0 49.0
May	58.0	58.9	59.0 58.0

Turnover 186 (160) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Apr	157.90		157.90
Jun	148.50		148.50

Turnover 50 (100) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Feb	1290	1280	1290 1290
Mar	1314	1295	1314 1306
Apr	1304	1295	1305 1298
Jul	1170	1165	1170 1165
Oct	1340	1338	1340 1335
BFI	1274	1274	

Turnover 189 (180)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	143.20	143.95	143.30 143.10
May	143.50	145.60	145.00 143.30
Jun	144.60	146.50	146.00 144.60
Sep	111.90	112.15	111.90
Nov	113.00	114.40	114.00 113.00
Barley	**Close**	**Previous**	**High/Low**
Mar	137.00	138.00	137.00 136.50
May	137.50	138.85	137.50
Sep	109.30	110.25	110.00 109.30
Nov	112.00	113.40	112.70 112.00

Turnover: Wheat 346 (366). Barley 110 (107).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	107.0		107.0
May	107.0	107.0	107.0
Sep	103.0		103.0

Turnover 8 (6) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 21,465 lots
Cash	1202-3	1189.5-90.5		1198.5-9.5		
3 months	1224-4.5	1211-1.5	1228/1217	1219.5-20	1221-2	163,521 lots
Copper, Grade A (£ per tonne)						Total daily turnover 23,086 lots
Cash	1538.5-9.5	1546-7	1537	1536.5-7		
3 months	1560-1	1569-9.5	1584/1555	1559-9.5	1559-60	154,814 lots
Lead (£ per tonne)						Total daily turnover 2,531 lots
Cash	288.5-9.5	290.5-1.5	289.5/289	289.5-90		
3 months	298-9	300.5-1	302/298	299-9.5	299-300	16,339 lots
Nickel ($ per tonne)						Total daily turnover 6,081 lots
Cash	5835-45	5770-80		5790-5		
3 months	5900-5	5840-5	5920/5840	5855-60	5915-20	42,770 lots
Tin ($ per tonne)						Total daily turnover 1,544 lots
Cash	5780-90	5780-90	5785	5785-90		
3 months	5840-5	5840-5	5865/5840	5845-50	5840-50	6,944 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,122 lots
Cash	1111.5-2.5	1098-9	1103.5/1103	1103.5-4		
3 months	1130-2	1117-8	1133/1126	1122-3	1128-30	87,945 lots

LME Closing £/$ rate: SPOT: 1.4445 3 months: 1.4347 6 months: 1.4268 9 months: 1.4220

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	328.00-328.30	
Opening	328.30-328.70	
Morning fix	328.15	227.377
Afternoon fix	328.00	227.204
Day's high	328.30-328.60	
Day's low	327.60-328.10	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	1.99	6 months	2.09
2 months	2.01	12 months	2.21
3 months	2.04		

Silver fix	p/troy oz	US cts equiv
Spot	254.15	367.00
3 months	257.95	369.80
6 months	261.10	372.55
12 months	267.40	379.30

GOLD COINS

	$ price	£ equivalent
Krugerrand	328.00-331.00	228.00-230.00
Maple leaf	337.80-340.00	-
New Sovereign	78.50-81.50	54.00-56.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	Jun	Mar	Jun
1200	26	57	12	21
1225	13	43	24	31
1250	6	31	41	44
Copper (Grade A)	**Calls**		**Puts**	
2200	51	85	18	47
2250	25	60	42	70
2300	10	40	77	100
Coffee	**Mar**	**May**	**Mar**	**May**
850	82	98	2	20
900	41	66	11	38
950	15	42	35	64
Cocoa	**Mar**	**May**	**Mar**	**May**
675	27	51	6	22
700	12	37	16	33
725	4	27	33	48
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1800	-	-	3	36
1850	19	58	14	58
1900	4	38	-	88

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	329.0	329.3	329.2	328.7
Mar	328.9	329.2	0	0
Apr	329.2	329.5	329.3	328.5
Jun	330.4	330.7	330.5	329.6
Aug	331.8	332.1	331.3	331.1
Oct	333.2	333.6	0	0
Dec	334.7	335.0	334.6	334.0
Feb	336.3	336.7	0	0
Apr	338.1	338.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	359.8	358.1	0	0
Apr	361.0	360.3	361.2	358.5
Jul	358.4	357.3	358.5	355.6
Oct	356.4	355.3	354.0	354.0
Jan	354.4	353.3	354.0	354.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	366.3	365.3	366.0	366.0
Mar	367.2	366.2	368.0	365.5
May	369.7	368.7	370.5	366.5
Jul	371.9	370.9	372.5	371.0
Sep	374.3	373.3	374.0	374.0
Dec	378.1	377.2	379.0	377.0
Jan	379.0	378.2	0	0
Mar	382.5	381.7	382.5	382.0
May	385.4	384.6	0	0
Jul	388.5	387.7	388.0	388.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	99.60	98.90	99.65	99.00
Mar	99.95	99.25	100.15	99.15
Apr	100.30	99.60	100.05	100.05
May	100.65	99.85	100.65	99.80
Jun	100.80	100.10	0	0
Jul	100.95	100.30	101.00	100.30
Aug	101.15	100.50	0	0
Sep	101.35	100.70	101.40	101.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	20.36	19.93	20.38	20.02
Apr	20.36	19.95	20.37	20.03
May	20.37	19.99	20.37	20.06
Jun	20.36	20.02	20.38	20.08
Jul	20.39	20.05	20.40	20.11
Aug	20.37	20.08	20.37	20.20
Sep	20.41	20.12	20.42	20.22
Oct	20.29	20.16	20.28	20.25
Nov	20.34	20.18	20.36	20.26
Dec	20.42	20.14	20.42	20.25

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Mar	57.10	55.96	57.15	56.30
Apr	56.95	55.81	56.96	56.15
May	56.20	55.30	56.20	55.80
Jun	55.90	55.15	55.90	55.45
Jul	55.95	55.35	55.95	55.55
Aug	56.60	55.95	56.65	56.15
Sep	57.70	57.10	57.70	57.50
Oct	58.65	58.10	58.70	58.60
Nov	59.55	58.90	59.50	59.05
Dec	60.35	59.70	60.35	59.90

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	872	890	887	867
May	900	916	913	896
Jul	928	945	939	925
Sep	955	975	965	953
Dec	990	1009	1005	988
Mar	1019	1040	1032	1025
May	1040	1061	1055	1050
Jul	1060	1081	1068	1065
Sep	1087	1108	1090	1087
Dec	1129	1150	1138	1128

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	61.95	63.10	63.00	61.05
May	66.45	67.90	67.40	65.30
Jul	68.25	69.70	69.25	67.50
Sep	70.05	71.50	71.00	69.80
Dec	72.75	74.60	73.50	72.75
Mar	75.40	77.50	76.60	76.00
May	77.25	79.85	78.60	78.60

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.22	8.14	8.23	8.14
May	8.55	8.50	8.56	8.49
Jul	8.72	8.67	8.74	8.66
Oct	8.55	8.52	8.58	8.52
Mar	8.59	8.58	8.63	8.59
May	8.62	8.65	0	0
Jul	8.63	8.79	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	61.76	59.86	61.80	60.05
May	62.40	60.68	62.50	60.75
Jul	63.03	61.60	63.05	61.70
Oct	62.59	61.50	62.60	61.70
Dec	61.60	60.43	61.70	60.60
Mar	62.30	61.25	62.40	62.00
May	62.75	61.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	70.35	70.35	71.20	69.40
May	73.90	73.85	74.50	73.05
Jul	77.00	77.50	77.70	76.50
Sep	79.05	80.00	80.90	79.75
Nov	82.05	82.75	82.30	82.00
Jan	85.00	86.05	86.75	85.00
Mar	87.80	87.80	88.00	88.00
May	87.80	88.10	0	0
Jul	87.80	88.10	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Feb 4	Feb 3	mnth ago	yr ago
1744.7	1744.0	1701.0	1569.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Feb 3	Feb 2	mnth ago	yr ago
Spot	123.60	121.61	121.17	117.57
Futures	123.15	122.66	122.47	122.30

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	571/2	574/4	575/0	569/4
May	574/2	577/4	578/0	572/6
Jul	579/2	582/2	582/6	577/4
Aug	581/0	583/4	584/4	580/0
Sep	581/2	584/4	583/0	581/0
Nov	587/6	590/6	591/2	586/4
Jan	594/6	597/4	597/4	594/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	20.70	20.78	20.85	20.67
May	20.98	21.01	21.06	20.91
Jul	21.15	21.20	21.27	21.12
Aug	21.23	21.26	21.32	21.21
Sep	21.27	21.29	21.33	21.27
Oct	21.31	21.32	21.40	21.31
Dec	21.43	21.46	21.52	21.40
Jan	21.55	21.50	21.60	21.55

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	179.5	180.5	180.5	179.1
May	180.6	181.3	181.4	179.8
Jul	182.1	182.8	183.0	181.4
Aug	182.8	183.7	183.4	182.4
Sep	183.8	184.5	184.5	183.4
Oct	185.0	185.8	185.8	184.4
Dec	187.0	187.7	187.7	186.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	212/4	213/0	213/6	212/2
May	220/2	221/0	222/0	220/0
Jul	227/6	228/4	229/2	227/4
Sep	233/4	234/6	235/0	233/2
Dec	239/6	241/0	241/2	239/2

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	367/2	375/2	375/4	367/0
May	340/4	346/4	346/4	340/0
Jul	320/2	324/0	324/2	319/4
Sep	324/0	328/0	327/2	323/4
Dec	331/4	335/4	336/0	331/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	79.575	79.975	80.200	79.525
Apr	77.900	78.400	78.600	77.850
Jun	73.025	73.275	73.500	73.000
Aug	71.025	71.050	71.300	70.950
Oct	72.050	72.100	72.350	72.025
Dec	72.650	72.600	72.850	72.650

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	43.475	43.600	43.825	43.425
Apr	43.300	43.475	43.600	43.250
Jun	48.325	48.350	48.500	48.175
Jul	47.500	47.625	47.700	47.375
Aug	45.400	45.325	45.400	45.075
Oct	41.225	41.275	41.300	41.225
Dec	42.400	42.400	42.400	42.300

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	35.550	35.025	35.700	34.825
Mar	35.900	35.625	36.200	35.325
May	37.050	36.825	37.200	36.500
Jul	37.450	37.225	37.650	37.000
Aug	36.300	36.225	36.300	35.850

LONDON STOCK EXCHANGE

FT-SE Index tests the 2,900 hurdle

By Terry Byland, UK Stock Market Editor

THE UK stock market's success in foreseeing yesterday's cut in German interest rates was marred by disappointment that the Bundesbank's discount rate was reduced by only one quarter of a point. The London market just managed to break through the Footsie 2,900 hurdle following the news from Germany but the 26.3 point gain was then wiped out by heavy profit-taking pressures, reflected in at least three large trading programmes at the market close. The final reading showed the FT-SE Index down 7.9 on the day at 2,865.9, while Seaq trading volume was one of the highest daily totals since what the market has re-christened "Golden Wednesday" – when Britain quit the ERM network.

Equities were very firm early in the session but were hesitant in challenging the Footsie 2,900 barrier even after the Bundesbank's announcement that it would, after all, hold a press conference, virtually confirmed hints in London on Wednesday of powerful international political pressure for a cut in German rates.

The speed of the turnaround in share prices later emphasised the somewhat speculative nature of the previous buying pressure. The downturn was led from the stock index futures sector, where the March contract on the FT-SE Index fell to a discount against the underlying blue chip sector.

However, it seemed that the big UK investment houses were still bullish of the stock market and that yesterday's downturn could be safely ascribed to profit-taking; last night, the Footsie was still around 30 points up on its close on Tuesday night, ahead of the latest bout of interest rate speculation. A strong opening to the new Wall Street session, with the Dow Industrial Average 18 up in early trade, helped sentiment in London at the close.

One programme trade by a UK investment bank was believed to be a massive switch away from the blue chips which have stood out this week and into the underperforming second line issues. Another, from a large US investment banking house, involved heavy purchases of utility stocks.

The programme deals came very late in the day and delayed, as well as boosting, the final Seaq volume figures for the session. Seaq volume bounded to 949m shares, with the non-Footsie share total again lagging slightly at around 58 per cent of the total.

The shakeout in share prices fell mainly on the bank shares, which have been rising strongly this week. But some other interest-related stocks, notably in the property sector but also among construction, contracting and building materials stocks, continued to move ahead.

The leading oil stocks also extended recent gains as US investors continued to buy them ahead of next week's meeting of the Opec ministers, when the market expects producers to confirm production cuts.

Sterling's firmness at the end of the day served to underpin expectations of another reduction in UK base rates, although the more cautious analysts do not expect a move before Budget day, early in March.

With attention on currencies now returned to normal, at least for the present, the stock market resumed its search for the next rights issue candidates.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	3	488	-2	Comm. Union	1,300	620	-4	Lonrho	477	76		Shell Transport	5,200	583	+6
ASDA Group	8,500	67¼	-½	Cookson	3,000	212	+4	Lucas	1,500	180	-1	Siebe	1,000	480	+7
Abbey National	3,400	377	-2	Courtaulds	2,300	572	+3	MB Caradon	1,600	306	-1	Slough Ests	2,400	190	+13
Albert Fisher	4,700	72	+1½	Dalgety	183	405	-1	MEPC	870	383	+4	Smith (W.H.) A	4,600	426	+16
Allied-Lyons	3,300	580	+5	De La Rue	428	782	+11	Manweb	355	472	+3	Smith & Nephew	1,700	153	-1
Amstrad	334	24	-1	Dixons	4,200	224	+8	Marks & Spencer	8,200	336	+5	SmKl Beecham	2,900	489	-2
Anglian Water	2,100	481	+10	Eastern Elect.	2,200	417	+5	Midlands Elect.	1,600	444	+5	SmKl Beecham Uts.	3,600	410	-4
Argos	320	276	-6	East Midland Elect.	1,300	406	+7	Morrison (Wm.)	780	164	-1	Smiths Inds.	442	380	+2
Argyll Group	4,000	380	-3	Eng China Clays	745	461	-11	NFC	351	207½	-4½	Southern Elect.	1,500	421	+5
Arjo Wiggins	3,200	181	-2	Enterprise Oil	1,700	457	-1	NatWest Bank	12,000	480	-21	South Wales Elect.	129	486	-4
Ass. Brit. Foods	1,500	476	+1	Eurotunnel Units	679	443	+8	National Power	3,300	297	+2½	South West Water	1,200	495	+3
Ass. Brit. Ports	188	398	-3	FKI	9,000	120	-1	Next	4,600	143½		South West. Elect.	280	447	-1
BAA	1,600	789	+2	Fisons	5,400	227	+6	North West Water	1,600	477	+8	Southern Water	139	489	+5
BAT Inds.	2,300	968	+5	Forte	5,100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	643	-4
BET	2,800	103	-2	Gen. Accident	840	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	202½	-2½
BICC	606	371	+2	General Elect.	7,100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	337	-9
BOC	1,900	730	-6	Glaxo	7,700	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	393	-3
BP	11,000	268½	+3	Glynwed Int.	923	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	305	+4
BPB Inds.	3,300	219	+5	Granada	3,400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	169	-6
BT	12,000	423	+2	Grand Met.	6,800	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	114	-3
BT New	12,000	318	+2	GUS A	1,100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	416	+4
BTR	4,200	585	-1	GRE	7,400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	77	+1
Bank of Scotland	5,000	129	-2	GKN	1,300	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	254	-3
Barclays	8,900	445	-14	Guinness	7,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	487	+6
Bass	2,300	586	-6	HSBC (75p shs)	7,500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	653	+8
Beristord Int.	400	124	-1	Hammerson 'A'	1,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	258	-3
Blue Circle	3,100	226	-5	Hanson	10,000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	92	-1½
Booker	378	430	-3	Hanson Warrants	7,400	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	336	+5
Boots	1,300	487	-4	Harrisons Crosfield	668	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1150	+2
Bowater	948	500	+3	Hillsdown	5,100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	372	+5
Brit. Aerospace	3,400	278	-8	IMI	450	[illegible]	+5	Rolls Royce	6,600	136	+2	Utd. Newspapers	230	533	+4
British Airways	6,300	288	-8	ICI	3,200	1118	-16	Rothmans	246	614	-1	Vodafone	6,200	397	-1
British Gas	10,000	289½	+2½	Inchcape	947	576	+½	Ryl Bk Scotland	2,800	239	-10	Warburg (SG)	750	615	+6
British Land	2,300	323	+3	Kingfisher	7,500	538	-20	Royal Insurance	1,300	276	+2	Wellcome	2,100	883	-6
British Steel	38,000	80½	+1½	Kwik Save	1,300	799		Saatchi	747	195	+3	Welsh Water	146	519	+4
Bunzl	5,200	131	-5	Ladbroke	5,500	200	-3	Sainsbury	1,800	586	-10	Wessex Water	1,500	575	+11
Burmah Castrol	468	726	+14	Land Securities	1,700	480	-5	Scottish & New.	1,600	427	+3	Whitbread 'A'	738	467	
Burton	12,000	72		Laporte	3,000	653	+4	Scot. Hydro-Elect.	1,400	240	+4	Williams Hldgs.	1,500	343	-6
Cable & Wire.	3,100	713	+2	Legal & General	2,600	465	-15	Scottish Power	4,600	219	+3	Willis Corroon	4,300	196	
Cadbury Schweppes	2,100	465	-1	Lloyds Abbey	416	448	-3	Sears	3,100	103	-1	Wimpey	1,300	139	
Calor Group	598	247	+8	Lloyds Bank	3,100	546	-12	Sedgwick	1,600	189	-1	Wolseley	703	595	+2
Carlton Comms.	1,300	789	+2	LASMO	6,100	185	+5	Seeboard	226	453	+3	Yorkshire Elect.	279	470½	+½
Coats Viyella	3,400	225½	-1½	London Elect.	2,900	421	+4	Severn Trent Water	2,200	466	+9	Yorkshire Water	410	527	+8

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Jan 18	Feb 1	Feb 15
Option Declarations:		
Jan 28	Feb 11	Feb 25
Last Dealings:		
Jan 29	Feb 12	Feb 26
Account Day:		
Feb 8	Feb 22	Mar 8

*New time dealings may take place from 8.30am two business days earlier.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2865.9 −7.9	3042.8 +19.2	1396.04 −0.31

	Feb 4	Day's change %	Feb 3	Feb 2	Feb 1	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2865.9	−0.3	2873.8	2834.4	2851.6	2534.3	6.20	4.26	20.73	3.51
FT-SE MID 250	3042.8	+0.6	3023.6	2995.3	2988.8	2468.7	6.82	4.27	18.59	5.82
FT-SE-A 350	1414.1	−0.1	1415.2	1397.1	1403.1	1228.1	6.33	4.27	20.23	1.94
FT-SE SmallCap	1520.05	+0.9	1506.86	1498.15	1494.10	—	5.42	4.21	25.74	2.83
FT-SE SmallCap ex Inv Trusts	1524.97	+0.7	1514.43	1507.72	1504.37	—	6.04	4.47	23.70	2.71
FT-A ALL-SHARE	1396.04	—	1396.35	1378.96	1384.44	1213.83	6.26	4.26	20.49	1.96
1 CAPITAL GOODS(211)	940.76	+0.3	938.33	925.37	925.55	780.82	6.01	4.58	21.77	1.33
2 Building Materials(27)	974.67	+1.3	962.45	946.82	952.74	953.37	5.24	5.54	27.18	0.77
3 Contracting, Construction(29)	816.81	+1.5	804.67	792.82	783.85	880.14	3.12	5.96	80.00†	0.20
4 Electricals(14)	2774.68	+0.4	2762.50	2743.65	2733.93	2438.61	5.84	6.23	22.49	1.02
5 Electronics(35)	2532.28	—	2532.64	2476.29	2462.03	1785.31	6.25	3.37	20.26	14.05
6 Engineering-Aerospace(7)	366.40	—	366.55	356.76	358.79	328.39	9.66	6.40	13.19	0.00
7 Engineering-General(52)	554.43	+0.9	549.58	543.22	542.23	487.17	7.30	4.29	17.51	0.98
8 Metals & Metal Forming(11)	377.78	+0.9	374.27	368.80	369.01	327.63	4.62	3.50	31.50	0.29
9 Motors(18)	406.45	−0.5	408.60	404.79	401.73	303.24	4.68	5.76	30.20	0.00
10 Other Industrials(18)	2038.65	−0.5	2049.76	2033.27	2041.56	1577.60	6.10	4.17	19.81	0.39
21 CONSUMER GROUP(232)	1712.74	−0.1	1715.30	1699.85	1715.25	1852.66	6.82	3.44	18.26	2.80
22 Brewers and Distillers(26)	1985.58	+0.8	1969.32	1932.03	1947.08	2055.93	8.46	3.82	14.37	10.18
25 Food Manufacturing(22)	1378.18	+0.1	1377.44	1362.94	1362.14	1257.99	7.63	3.79	16.37	1.46
26 Food Retailing(18)	3323.26	−1.1	3358.12	3387.69	3411.51	2517.50	7.66	3.16	16.99	0.54
27 Health & Household(29)	3807.53	−0.9	3840.29	3825.13	3828.73	4494.76	5.84	2.98	19.94	0.54
29 Hotels and Leisure(20)	1331.05	−0.4	1335.97	1316.67	1323.35	1266.26	6.38	5.18	20.55	6.37
30 Media(33)	1897.15	−0.3	1902.21	1883.18	1897.83	1477.77	5.36	2.74	23.26	1.36
31 Packaging and Paper(23)	846.57	+0.2	844.98	829.69	827.36	756.05	6.32	3.83	19.53	0.57
34 Stores(39)	1128.15	+0.5	1122.94	1108.99	1107.31	1030.24	6.33	3.21	20.97	1.25
35 Textiles(20)	785.97	—	785.64	773.17	770.72	617.22	6.27	4.04	20.21	0.00
40 OTHER GROUPS(143)	1482.89	+0.2	1480.47	1468.59	1470.04	1212.13	8.26	4.68	14.93	3.18
41 Business Services(27)	1615.44	−0.5	1623.30	1626.17	1623.26	1362.08	5.55	3.19	22.21	0.14
42 Chemicals(24)	1464.62	−0.5	1471.98	1461.64	1480.63	1486.84	6.25	5.00	20.15	0.45
43 Conglomerates(11)	1513.18	−0.5	1521.36	1498.67	1504.17	1265.12	7.04	7.05	16.23	1.63
44 Transport(16)	2906.94	−0.4	2918.98	2864.52	2880.78	2400.17	7.75	4.09	15.53	3.49
45 Electricity(16)	1542.65	+0.9	1528.06	1533.52	1534.72	1195.76	14.05	4.93	9.15	16.54
46 Telephone Networks(4)	1738.18	+0.4	1732.05	1701.68	1703.74	1401.87	7.67	3.94	16.96	1.58
47 Water(13)	3254.57	+1.5	3207.43	3185.88	3170.90	2361.16	13.90	5.45	7.99	11.83
48 Miscellaneous(32)	2508.10	+0.4	2498.20	2482.08	2498.28	1836.69	5.81	4.10	21.67	0.46
49 INDUSTRIAL GROUP(586)	1452.44	—	1451.96	1436.12	1444.61	1292.61	7.16	4.08	17.45	2.57
51 Oil & Gas(18)	2340.65	+1.0	2316.67	2276.60	2290.44	2108.27	5.70	5.54	23.04	0.00
59 "500" SHARE INDEX(604)	1534.33	+0.1	1532.24	1516.40	1523.68	1367.40	7.01	4.23	17.91	2.43
61 FINANCIAL GROUP(89)	959.00	−1.3	971.24	947.74	948.38	722.51	2.86	4.71	75.16	0.15
62 Banks(9)	1325.13	−2.0	1352.60	1314.36	1314.40	876.06	4.55	4.45	33.23	0.00
65 Insurance (Life)(6)	1902.76	−1.2	1926.71	1897.07	1909.72	1400.34	2.66	4.78	66.29	0.00
66 Insurance (Composite)(7)	643.07	−1.1	650.46	629.41	631.01	504.16	‡	4.69	‡	0.00
67 Insurance Brokers(10)	813.93	−0.2	815.53	825.22	826.82	989.68	7.45	6.56	18.04	0.88
68 Merchant Banks(6)	568.40	+0.7	564.17	564.61	558.46	479.23	7.52	4.02	17.49	0.00
69 Property(28)	725.40	+0.9	718.90	700.53	701.76	767.61	7.74	5.84	16.72	0.80
70 Other Financial(23)	336.80	+1.4	332.28	327.38	325.57	241.89	6.48	5.01	20.25	0.19
71 Investment Trusts(107)	1440.91	+1.7	1417.18	1397.31	1392.64	1163.66	2.30	2.92	43.39	3.36
99 FT-A ALL-SHARE(800)	1396.04	—	1396.35	1378.96	1384.44	1213.83	6.26	4.26	20.49	1.96

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2898.1	2894.3	2880.7	2881.9	2880.6	2890.0	2899.4	2885.4	2868.2	2900.1	2865.4
FT-SE Mid 250	3039.9	3043.8	3043.7	3043.0	3043.2	3046.0	3053.8	3049.4	3043.9	3054.0	3039.9
FT-SE-A 350	1426.2	1425.2	1419.9	1420.3	1419.8	1423.7	1428.1	1422.3	1415.1	1428.4	1413.9

Gross dividend yield (ACT at 25%) FT-SE 100: 4.26%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1596.2	1610.0	1608.8	1615.6	1614.4	1613.4	1614.6	1613.8	1607.0	1607.4	1585.0	+22.4
Health&H	1170.4	1170.4	1163.5	1164.9	1166.1	1171.0	1173.2	1162.7	1147.6	1145.6	1155.7	-10.1
Water	1329.9	1329.5	1332.1	1333.8	1338.3	1339.5	1344.6	1341.9	1344.4	1344.4	1325.2	+19.2
Banks	1653.3	1647.1	1622.8	1624.1	1623.8	1626.2	1628.4	1616.8	1609.1	1609.3	1643.2	-33.9

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown ‡ Values are negative.

The FT-SE Actuaries Share Indices are audited by The WM Company.

Rights fear at Kingfisher

PRESS REPORTS from France that Kingfisher was discussing the possible takeover of Darty, France's leading electrical retail group, sent shares in the UK stores company reeling on fears that a possible £900m rights issue might be involved. Darty, with more than 200 outlets, turnover of around £1bn and pre-interest profits of around £100m, is highly rated by analysts in the UK.

However, the press reports, later confirmed by Kingfisher, appear to have upset negotiations which were said to have been well advanced. Sources from both camps yesterday spoke of a "rapprochement" rather than a bid, analysts said. It was suggested that Kingfisher might seek only a 30 per cent stake, giving it a toe-hold in the French market and perhaps encouraging a joint venture buying agreement.

But, analysts close to Kingfisher believe a full takeover is still the most likely outcome, and that Kingfisher may have already taken positions in the currency markets in readiness for the deal. A bid would cost Kingfisher about £1.3bn and could involve a rights issue of some £900m.

While many analysts welcomed the move, others questioned whether Darty would be too risky a purchase in the current uncertain environment. Mr Nick Hawkins at Kleinwort Benson said: "There are concerns that Kingfisher may be buying into a deteriorating economic environment." The shares closed 20 adrift at 538p in turnover of 7.5m.

Utilities switching

A series of big institutional switches, mostly triggered by broker recommendations, saw the utilities register strong progress. Goldman Sachs, the US brokerage, was said to have been a big switcher into the utilities, while James Capel was said to have recommended a switch from British Gas to regional electricity stocks.

Water shares were also boosted by a strong recommendation from the Panmure Gordon utilities team. Panmure said; "The prospect of safe, growing dividends in a stable regulatory environment should ensure continued outperformance."

Severn Trent, Panmure's primary buy recommendation, jumped 9 to 466p, while Anglian added 10 at 481p and Thames 6 to 487p. North West moved up 8 to 477p. The best performers included Northern, 10 higher at 469p, Southern, 6 better at 422p and East Midland, 7 to the good at 406p. Kleinwort Benson was said to have been responsible for pushing Scottish Hydro 4 up to 240p and Scottish Power 3½ better to 219½p. Kleinwort said the Scottish generators are going to become the most diversified utilities with unregulated profits making up at least 15 per cent of operating profits by 1994/5.

WH Smith firm

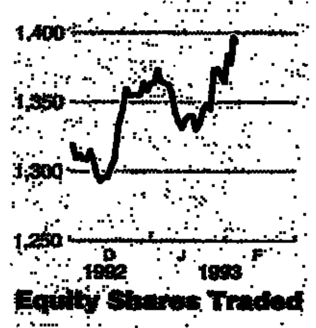
Stationer W.H. Smith rebounded from sustained underperformance on rumours that it will today announce cutbacks at its DIY division. There was also talk that one leading house would issue a positive note shortly. Smith shares have collapsed since the group revealed large losses and provisions at its Do-It-All joint venture, falling from 523p at the end of the year. Yesterday they rebounded 16 to 426p.

The losses have led many analysts to question Smiths' strategy with regard to the DIY market, with some calling for the group to cut and run. However, any restructuring would be warmly received. As well as some closures, rumoured to be affecting upwards of 20 stores, news on the financing of a new distribution centre is also expected.

Lasmo favoured

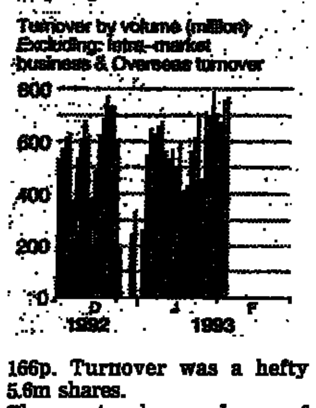
News of the sale of £126.5m worth of North Sea assets triggered a sharp turnaround in Lasmo. The exploration company's shares underperformed a generally buoyant oil sector on Wednesday but rose sharply yesterday to close 5 higher at 166p. Turnover was a hefty 5.6m shares.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



The asset sales, made up of interests in 17 North Sea blocks sold to Germany's Deminex for £105.8m and interests in the Balmoral and Maureen fields to Pentex Oil for £30m, had been expected by the market.

Oil sector specialists viewed the disposals as good for the company. There were, however, a few grumbles from the market at the terms of the deal and some question marks about the company's claim that the sales would reduce gearing by around 14 per cent. Some £53m of the deal is payable in loans redeemable in January 1994 while the rest is valued at January 1 1993 exchange rates which will lop more off the value. The general consensus, however, was that Lasmo's strategy was correct. At NatWest Securities, Mr Simon Flowers said; "This deal shows that the asset value of 185p is realisable in cash."

RTZ weakens

The world's biggest mining group RTZ suffered in spite of good trading news as the market caught wind of a profit forecast cut from one of the UK's leading agency brokers.

The shares fell 21 at one stage, shrugging off an announcement that the group's gold production for the fourth quarter to December rose to 310,000 ounces from 229,000 ounces previously.

Dealers heard that Cazenove was preparing to cut its 1993 forecast today by £70m to £390m. Cazenove never comments on its actions to the market or the press. The forecast compares with an estimate of £450m from Hoare Govett. RTZ shares closed 8 lower at 663p on 4.7m share turnover.

BP continued to move ahead, still responding to the recent flurry of US buying. The shares closed 3 firmer at 268½p. Shell also progressed, settling 6 up at 583p.

Fears of a rights issue continued to circulate around Trafalgar House. The shares gave up 1½ to 92p as Hong-Kong Land exercised its option to acquire more of the company's stock taking its holding in Trafalgar to 20.1.

Redland shares raced higher, closing 8 firmer at 465p on turnover of 3m, following a highly successful presentation at Kleinwort Benson Securities and the German interest rate cut.

The presentation was addressed by Mr Erich Gerlach, the head of Braas, Redland's German associate. He said Braas's industrial and roofing businesses were still expanding in response to the reconstruction of the former East Germany.

Drug stocks had a volatile day, starting on a positive note and then being forced down at the close by the weight of US and European selling as well as individual factors.

Glaxo opened timidly on further reflection of a US congressional hearing on drug pricing. Then, the stock rose sharply in response to a US scientific journal article which concluded that ulcer treatment Zantac is effective in eradicating ulcers if used with antibiotics. The shares, 14 higher at one stage, closed 10 off at 655p.

Meanwhile, ICI shed 16 to 1118p in spite of an announcement that it is planning sell its powder coatings business.

Environmental services company Rentokil eased 5 to 214p as securities house Smith New Court placed 5m shares with institutions at 207p.

Defence contractor Hunting jumped 10 to 223p, after an announcement that its majority owned joint venture Hunting BRAE had won a 7-year contract for the management and operation of the UK's 4 Atomic Weapons Establishment sites. Profit-taking in British Aerospace left the shares 9 easier at 278p.

Losses at Dutch airliner KLM and talk of a stock overhang combined to cause British Airways to retreat 8 to 288p, with volume reaching 6.3m.

Newspaper group The Telegraph added 6 at 367p after announcing the sale of its 13 per cent stake in Trinity International for £26m.

MARKET REPORTERS:
Christopher Price, Joel Kibazo, Peter John, Steve Thompson.

■ Other market statistics, Page 16.

NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (466).

BRITISH FUNDS (31) AMERICANS (21) BANKS (8) Bk. Scot., Barclays, HSBC, NatWest, TSB, BLDG MATLS (7) Anglian, BPB, Kalon, Lilleshall, Marshalls 8½pc Pf., SWP, Wolseley, BUSINESS SERVS (8) Brit. Data Mngmt., Capita, Chubb, Johnson Cleaners, Manpower, Rolfe & Nolan, Salvesen, Wills, CHEMS (3) Croda, Doeflex, Yorks., CONGLOMERATES (6) Bodycote, Hanson, Do Wts., Do 9½pc Cv., Wassall, CONTG & CONSTRCN (4) Bellway, Eve, Sherrill, Shorco, ELECTRICALS (5) BICC Cap 10¼pc Cv '20, Critchley, Dale, Eclass 6¼pc Pf., Kenwood, ELECTRONICS (14) Acal, Acorn Cmptr., Blick, Cray, Diploma, Domino, Electrocomps., Eurotherm, GEC, Gresham, Learmonth & Burchett, Misys, Racal, Tadpole Tech., ENG AERO (3) Brit. Aerospace 7¾pc Pf., FR, Hunting, ENG GEN (12) Barry Wehmiller, FKI, Fairey, Halma, Molins, Pitsamec, Rotork, Siebe, Sterling, VSEL, Vosper, Weir, FOOD MANUF (3) Armour, Barr, Unilever, HEALTH & HSEHOLD (2) Huntleigh Tech., Whatman, HOTELS & LEIS (2) Granada 7½p Pf., Vardon, INSCE BROKERS (2) Alex. & Alex., Marsh & McLennan, INSCE COMPOSITE (6) Amer. Gen., Amer. Intl., Aon, Gen. Accident, Trade Indemnity, INSCE LIFE (3) Legal & Gen., Lon. & Manchester, Prudential, INV TRUSTS (170) MEDIA (14) Aveaco, Euromoney, GWR, Gold Greenlees Trott, Haynes, Johnston Press, LWT 6.90625p Pf., MAI Wts., News Intl., Reed, Sterling, TVS Ents. 7.4pc Pf., Telegraph, Ulster TV, MERCHANT BANKS (5) Hambros, Do 7½pc Pf., Kleinwort Benson, Schroders N/V, Warburg 8pc Pf., MTL & MTL FORMING (3) Billam, Linread, Saville Gordon, MISC (9) Birkby, Black Arrow, Channing, Faber Prest, Headlam, Laser-Scan, Linost, Rhino, Sharninght, MOTORS (10) Avon Rubber, BSG, Bletchley, Cowie, ERF, Gen. Motors, Lex, Lookers 8pc Pf., Mid-States, T & N, OIL & GAS (6) Calor, Exxon, Monument, Occidental, Shell, OTHER FINCL (12) Cater Allen, Gerrard & Natl., Govett, Henderson Admn., London Forfaiting, M & G, Mercury Asset, Perpetual, Provident Fincl., Secure, Smith New Court, Tyndall Aust. Options, OTHER INDLS (6) BTR, Do Wts., Do Wts. '92-93, Do Wts. '94-95, Cookson, Harris, Hewitt, McKechnie, Scapa, PACKG, PAPER & PRNTG (8) Boumore, Britton, Bunzl, De La Rue, Hunter Armley, Microgen, NMC, Serif, PROP (7) Bradford, Frogmore, Land Sec., de Morgan, Savills, Slough 8¼pc Pf., Southend Stadium 5½pc Pf., STORES (8) Betterware, Brown (N), Courts, Goldsmiths, GUS, TELE NETWORKS (2) BT, BT (Fully/Pd), TEXTS (7) Allied Text., Baird, Dawson, Hicking Pentecost, Leeds, Readicut, Yorklyde, TRANSPORT (4) P & O Defd., Do 6¼pc Pf., Powell Duffryn, Tibbet & Britten, MINES (1) Antofagasta.

NEW LOWS (3).

HOTELS & LEIS (1) Courtyard, PROP (2) High-Point, Markheath.

FINANCIAL TIMES EQUITY INDICES

	Feb 4	Feb 3	Feb 2	Feb 1	Jan 29	Year ago	High	Low
Ordinary share	2218.9	2225.7	2195.7	2207.5	2177.3	1961.2	2225.7	1670.0
Ord. div. yield	4.28	4.26	4.32	4.29	4.36	4.85	5.34	4.23
Earning yld % full	5.83	5.80	5.88	5.84	5.97	6.92	-	-
P/E ratio net	21.87	21.96	21.69	21.83	21.35	18.12	21.96	15.79
P/E ratio nil	20.17	20.25	20.01	20.13	19.72	17.09	-	-
Gold Mines	78.3	81.1	79.9	76.3	74.7	145.2	160.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2225.7 3/2/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2241.7	2243.9	2232.9	2231.5	2226.9	2233.8	2241.1	2231.8	2222.7	2244.4	2216.6

Volume	Feb 4	Feb 3	Feb 2	Feb 1	Jan 29	Year ago
SEAQ Bargains	41,764	34,779	35,604	39,006	38,852	31,091
Equity Turnover(£m)†	-	1738.5	1497.6	1266.5	1508.2	830.0
Equity Bargains†	-	40,201	44,893	39,134	40,859	24,995
Shares traded (mil)†	-	769.0	759.1	681.2	706.3	385.5

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

EQUITY FUTURES AND OPTIONS TRADING

THE derivatives sector had a volatile session as hopes of a cut in German interest rates initially faded and then disappointed the market when it eventually happened, writes Joel Kibazo.

In futures, the March contract on the FT-SE opened strongly at 2,911, but that early strength slowly ebbed away on profit-taking and a general feeling that there would be no cut in German interest rates.

Speculation that the Bundesbank would cut rates after all surfaced over the lunch-time period and caused a squeeze in March, pulling the underlying cash market higher. March reached its all time peak of 2,918 at around 2.10pm, just before an announcement of the German rate cut.

That, however, disappointed and sent the contract into retreat once again, a fall that was encouraged by early falls on Wall Street, and fell to a discount of about 3 to the underlying cash market.

The March contract closed at 2,870, down 19 on its previous close and at a premium to cash of only 2 points. Turnover was 14,393 contracts.

The volume in the traded options was also heavy reaching 43,734 lots by the close. Turnover in the FT-SE 100 option was particularly heavy reaching 17,669 contracts and that in the Euro FT-SE 100 Option reaching 1,350 lots.

Among stock options, BP was the most active with 3,305 lots dealt.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
Treas 10pc 1993‡‡	100⅝	-⅛	101⅞	99¼	9.92	6.88
12½pc 1993‡‡	103	—	104⅛	100⅞	12.14	5.87
Funding 6pc 1993‡‡	100¼	—	100⅝	95⅜	5.99	5.51
Treas 13¾pc 1993‡‡	106⅛	—	107⅝	103¼	12.95	5.52
8¼pc 1994	102⅜	+⅛	102⅜	98¼	8.28	5.43
14½pc 1994‡‡	109¼xd	+⅛	110⅛	104⅞	13.27	5.49
Exch 13½pc 1994	109⅛	+⅛	110⅛	103⅞	12.36	[illegible]
Treas 10pc Ln 1994‡‡	105⅝	+⅛	105⅝	99⅞	9.46	[illegible]
Exch 12¼pc 1994	110⅛xd	+⅛	110⅛	103⅛	11.35	[illegible]
Treas 9pc 1994‡‡	105⅜	+⅛	105⅝	98⅜	8.52	[illegible]
12pc 1995	111¼	+⅛	111⅜	102⅞	10.77	[illegible]
Exch 3pc Gas 90-95	96½	—	96½	89¼	3.11	[illegible]
10¼pc 1995	109¼	+⅛	109⅝	99⅛	9.34	[illegible]
Treas 12¾pc 1995‡‡	116⅞	+⅛	116⅞	105¼	10.92	[illegible]
14pc 1996	120⅛	+⅛	120⅜	109⅞	11.62	[illegible]
15¼pc 1996‡‡	125⅞	+¼	125⅝	113⅞	12.16	[illegible]
Exch 13¼pc 1996‡‡	119⅞	+¼	120⅛	109	11.05	[illegible]
Conversion 10pc 1996	111⅛	+⅛	111⅞	99⅞	8.99	[illegible]
Treas 13¼pc 1997‡‡	122⅛	+⅛	122⅞	109⅞	10.84	[illegible]
Exch 10½pc 1997	113⅞xd	+⅛	113½	100⅞	9.27	[illegible]
Treas 8¾pc 1997‡‡	107⅞xd	+⅛	108⅛	94	8.11	[illegible]
Exch 15pc 1997	131⅞	—	132⅛	117⅞	11.39	[illegible]
9¾pc 1998	111¼	-⅛	112⅛	97⅛	8.72	[illegible]
Five to Fifteen Years						
Treas 7¼pc 1998	102⅛	-⅛	102⅝	86⅞	7.14	6.77
Treas 6¾pc 1995-98‡‡	100⅞	+⅛	100⅞	86⅞	6.72	6.69
15½pc '98‡‡	137	-⅛	137⅞	123⅛	11.31	7.38
Exch 12pc 1998	121¼	-⅛	121⅝	107⅞	9.90	7.43
Treas 9½pc 1999‡‡	110⅞	-⅛	111⅛	97⅛	8.57	7.34
Exch 12¼pc 1999	122⅝	-⅛	122⅞	109⅛	9.98	7.56
Treas 10½pc 1999	115⅞	-⅛	116⅛	101⅞	9.08	7.38
Conversion 10¼pc 1999	114⅞	-⅛	115⅞	100⅞	8.93	7.44
9pc 2000‡‡	108⅞xd	-⅛	109⅛	94⅛	8.28	7.41
Treas 13pc 2000	128⅞	-⅛	128⅞	114⅞	10.14	7.92
10pc 2001	112⅞xd	-⅛	113⅛	99⅞	8.87	7.85
14pc '98-1	128⅛	-⅛	128⅞	115⅞	10.91	7.44
9¾pc 2002	111⅞xd	-⅛	111⅞	98⅛	8.77	8.07

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
8pc 2003 (£25 pd)	25⅞	-⅛	25⅞	21⅞	7.88	7.99
10pc 2003	112⅞xd	-⅛	113⅛	100⅛	8.89	8.22
Treas 11½pc 2001-4	119⅞	-⅛	120⅛	107⅛	9.62	8.18
Funding 3½pc '99-4	70⅞	-⅛	70⅞	59½	4.97	7.39
Conversion 9½pc 2004	108⅞	-⅛	109⅛	96⅞	8.76	8.36
9½pc 2005	108⅞	-⅛	109⅛	96⅞	8.76	8.40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7¾pc 2012-15‡‡	91⅞	+⅛	92⅛	81⅞	8.44	8.50
Exch 12pc '13-'17	129⅛	+⅛	130⅞	116⅞	9.30	8.92
Treas 8¾pc 2017	99⅞xd	+⅛	101⅛	91⅞	8.84	8.76
Undated						
Consols 4pc	43⅛	+⅛	45⅛	36⅞	8.65	-
War Loan 3½pc‡‡	39⅞	+⅛	40⅛	35⅛	8.81	-
Conv 3½pc '61 Aft.	62¼	+⅛	63⅞	59	5.62	-
Treas 3pc '66 Aft.	34⅞	—	36	29⅞	8.69	-
Consols 2½pc	29⅞	+⅛	29⅞	24⅞	8.39	-
Treas. 2½pc	28⅞	+⅛	29	24⅞	8.73	-

BRITISH FUNDS - Cont.

Index-Linked Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield (1)	Yield (2)
Treas. 2pc '94 ....(102.6)	133⅞	+⅛	133⅞	122⅛	-	0.91
2pc '96 ....(67.9)	187⅛	+⅛	187⅞	170⅛	-	2.30
4⅝pc '98 ....(135.6)	108⅛	+⅛	108⅞	100⅞	-	2.87
2½pc '01 ....(78.3)	163⅛	+⅛	163⅞	130⅛	-	3.25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

Notes	Price £	+ or –	1992/93 high	1992/93 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
African Dev 11¼pc 2010	118⅛	—	118⅞	105⅞	9.42	9.01
Asian Dev 10¼pc 2009	111⅛	—	111⅞	100⅞	9.22	8.93
B'ham 11½pc 2012	118	—	118	102⅞	9.76	9.45
Ireland Cap 8½pc '10	95	-1	105	88⅞	8.95	-
9pc Cap 1996	97⅞	-½	100½	90	9.23	-
13pc '97-2	118	-1	119⅞	103⅞	11.82	-
Hydro Quebec 15pc 2011	141⅞	—	142⅞	130⅞	10.57	9.96
Leeds 13½pc 2006	131	—	131	116⅛	10.31	8.40
Liverpool 3½pc Irred	36	—	36	30	9.72	-
LCC 3pc '20 Aft.	31	—	32	27	9.68	-
Manchester 11½pc 2007	117	—	117	103⅞	9.83	9.35
Met. Wtr. 3pc 'B'	65	—	65	53	4.62	8.20
N'wide Anglia 3¾pc 2021	118¼	—	121	103⅞	-	4.93
4⅝pc IL 2024	117⅞	—	118⅞	103⅛	-	4.77
Utd Mex States 16½pc 2008	134⅞	—	134⅞	121½	12.29	12.82

Continued on next page

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	b	19¼xd	+1⅛	21⅛	14⅝	18,116	2.1
Allegheny & W	♥	523p	—	523p	236p	271.8	3.8
Amdahl		563p	–12	1158p	438p	632.3	1.2
Amer Cyanamid		35	+⅛	38⅝	28⅝	3,245	3.2
Amer Express		17¼xd	+⅜	17½	10¼	8,275	4.0
Amer T & T		37⅛xd	+⅛	37⅞	20⅝	49,954	2.4
Ameritech		51½	—	61½	32½	22,549	4.9
BankAmerica		36⅞xd	+⅛	36⅞	19⅛	12,786	2.6
Bankers NY		47½xd	+⅛	47½	28⅞	3,837	4.5
Bell Atlantic		37⅛	+⅛	37⅛	23⅛	16,180	4.8
BellSouth		37⅛	–⅛	37⅛	25	18,325	5.2
Bethlehem Steel	♥	13¼xd	+⅛	13¼	5¼	1,199	–
Bowater		1560pxd	—	1637p	905p	585.3	5.3
CPC	b	32⅛xd	–⅛	34	22⅛	4,818	2.5
Cadiz Land Inc	♥	115p	—	342p	106p	–	–
California Engy		1417p	—	1417p	591p	258.0	–
Chase Manhattan		21⅛xd	+⅛	21⅛	9⅛	3,313	3.6
Chrysler		28⅛xd	+⅛	28⅛	6¼	7,888	1.5
Citicorp		18xd	—	18	5⅛	6,579	–
Colgate-Palm		41⅛xd	+1	43⅛	35¼	6,808	2.1
Cont'l Bank		1654p	–30	1674p	493p	1,671	2.5
Dana		32⅛xd	–⅛	32⅛	14⅛	1,587	3.3
Data General		614p	+12	1664p	384p	224.8	–
Dexon Inds	♥	146p	—	146p	66p	–	–
Dun & Brad		40⅛	+½	40½	27⅛	7,193	3.9
Exxon		53¼	–½	54½	32½	1,858	2.8
Echlin		18⅞xd	+⅛	18⅞	7⅛	1,081	2.6
FPL		26⅝xd	+½	26⅝	17⅛	4,837	6.4
Ford Motor		33¼xd	+⅛	33¼	15	18,229	2.1
Gen Elect		58⅞xd	+⅛	59⅞	38⅛	51,135	2.9
General Host	♥	701p	+47	701p	380p	–	3.5
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING–AEROSPACE

[illegible]

ENGINEERING–GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

[illegible]

FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	high	low	Mkt Cap£m	Yld Gr's
Greenwich Res	□	5¾	—	11	2	4.05	—
Harmony Gold C$		94½	-⅛	[illegible]	£3½	397.7	2.4
Iternia West IE	‡‡□	39	+3	53	30	19.6	—
Kalis Minis IE	‡‡	6	—	42	6	0.14	—
Kenmare	□	8	—	8	2¾	7.99	—
Malinga Res.		23	—	48	8	2.64	—
Navan Res IE		26½	—	34	16	3.42	—
5pc Ln Notes		27½	—	29	25	5.80	—
Oryx Gold		60¾	—	103	46¾	—	—
Plateau		39	—	13	3	1.37	—
RTZ	□	663	-6	688	469	6,649	3.9
Vizcaya		2¾	—	3	1	1.47	—

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

□ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).

● "Top Stock"

[illegible]

yield, p/e ratio based on latest annual earnings.	1992-93	Abbreviations:
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings	L Estimated annualised yield, p/e based on latest annual earnings.	xd ex dividend;
	M Yield based on prospectus or other	xc ex scrip issue;
		xr ex rights;
		xa ex all;
		xd ex capital distribution.

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The minimum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries 0277 227300 Dealing: 0277 261010						
European	5	106.10	106.60	112.20	-0.30	2.68
Intl Bond & Conv	5	123.40	123.70	130.20	-0.30	5.35
Pooled Pension ‡	7	149.9	150.7	161.0		
Smaller Cos	5	60.60	62.43	65.72	+0.58	2.07
UK General	5	116.10	117.80	124.00	+1.00	2.90
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	388.2	388.2	412.98	+0.94	5.01
Global Inc	5	57.36	57.36	61.02	+0.48	3.99
Brit Leaders	5	314.18	314.18	334.23	+1.98	3.07
Intl Leaders	5	185.92	185.92	197.79	+0.20	1.67
PAs Mbr Bd Grth Inv ¥	3½	52.93	54.3	56.42	-0.62	5.01
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	50.84	50.84	54.08	-0.27	1.43
Far Eastern Tst	6	55.69	56.52	60.13	-0.40	0.82
Smaller Cos	5	137.5	141.8xd	150.9	+1.7	2.20
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American ‡	9	281.4	282.0	298.4	+4.00	1.12
S & W Capital	5	114.3	114.3xd	122.4	+1.60	1.89
S & W Cash ‡	0	102.25	102.25	102.25	+0.02	6.54
S & W European	5	112.3	112.3	118.9	+1.00	1.15
S & W Far Eastern	5	115.4	116.5	123.3	+2.80	0.08
S & W Growth	5	122.5	124.0xd	131.2	+2.20	1.50
S & W Income	5	108.7	109.9	116.3	+1.20	5.22
S & W Magnum	5	121.5	121.5	130.2	+1.70	1.83
S & W Smllr Secs	5	291.1	297.4	314.7	+3.00	1.77
S & W Thoroughbred	5	140.2	140.1xd	150.3	+7.00	1.66
Societe Generale Touche Remnant (1200)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-410 4029						
American Grth	5¼	86.19	86.19	92.18	+0.81	0
Eur Sp Sits Acc	5¼	43.44	43.44	46.15	-0.26	0
Eur Sp Sits Inc	5¼	41.02	41.02	43.58	-0.25	0
Far East Opps Inc	5¼	28.57	28.57	30.79	+0.15	0
Far East Opps Acc	5¼	29.36	29.36	31.63	+0.14	0
General Growth	5¼	96.80	96.80xd	103.90	+1.10	0
General Growth Acc	5¼	99.25	99.25	106.50	+1.10	2.41
Global Tech	5¼	127.50	127.50	137.50	-0.40	0
[illegible]						

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2¼	93.20	93.20	95.41	+0.49	0.00
Short Dtd Gilt	1¼	109.4	109.4	110.9	+0.30	4.47
U.S. Govern Bond	1¼	0.7078	0.7078	0.7171	..	0.00
Gilt Income	4	51.98	51.98	54.09	+0.01	8.00
Gilt Growth	4	64.57	64.57	67.20	+0.03	0.00
City Reserve	0	52.08	52.08xd	52.08	-	6.23
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	65.46	65.65	69.83	+0.08	2.22

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exmt Feb 3	672.2	696.2		1.00
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	53.62	58.50	+1.26	4.9
Income Plus	49.58	50.60	+0.44	7.5
James Capel Fund Managers Ltd				
European Exempt	£100.086	103.315xd	+0.44	3.06
Japanese Exempt	£109.821	110.681	-0.449	-
Managed Exempt	£128.384	135.512xd	+1.657	3.20
North American Exempt	£105.784	107.720	+0.704	1.11
Pacific Exempt	£107.594	109.681	+0.489	3.08
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Dec 31	582.50	586.60	.....	5.08
Fxd Int Sec Dec 31	151.95	152.70	.....	9.50
Deposit Fund See Money Market Trust Funds				
Charinco/Charishares‡ (1000)F				

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Prolific Life & Pensions Ltd

Stramongate, Kendal, Cumbria LA9 4UB 0539 733733

Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Balanced Gwth Mngd	674.9	718.0	-0.5	-
Adventurous Mngd	166.7	177.4	+0.2	-
Cautious Mngd	128.2	136.4	+0.3	-
Cash Fd	317.0	334.1	....	-
Property Fund	216.7	230.6	....	-
Equity Fund	785.7	835.9	-0.3	-
Fxd Int. Fund	415.5	437.9	+2.0	-
International	347.7	369.9	-0.7	-
High Income	604.8	643.5	+6.5	-
Far East	458.6	487.9	-5.3	-
North American	484.8	515.8	+1.0	-
Special Sits	556.3	591.9	+5.3	-
Technology	489.2	520.5	-1.5	-
Extra Inc Fd	329.5	350.6	+2.9	-
Convertible & Gilt Fd	158.8	169.0	+0.8	-
American Income	190.8	203.0	....	-
Gilt Fund 20	446.3	474.8	+0.7	-
European Fund	123.2	131.1	-0.1	-
Pref & Fixed Int	113.4	120.7	+0.1	-
UK Blue Chip	119.1	125.6	+1.0	-
Recovery Fund	117.9	123.9	+1.5	-
Equity Income Dist	109.4	116.4	+0.7	4.88
Managed Dist	103.2	109.8	+0.4	5.60
High Yield Dist	104.7	110.4	+0.2	8.35
Pension Funds				
Balanced Gth Mngd Pens Acc	796.3	838.3	+6.1	-
Adventurous Mngd Pens Acc	177.1	186.5	+0.4	-
Cautious Mngd Pens Acc	148.5	156.4	+0.5	-
Building Soc. Acc	365.6	384.9	...	-
Property Pens. Acc	295.4	311.0	...	-
Fix. Int. Pens. Acc	652.3	686.7	+3.0	-
Equity Pens. Acc	1025.4	1079.4	+6.0	-
International Pens Acc	325.3	342.5	-0.4	-
High Inc Pens Acc	682.5	718.5	+7.6	-
Tech Pens Acc	347.3	365.6	-1.6	-
N American Pens Acc	375.2	395.0	+1.1	-
Far Eastern Pens Acc	467.2	491.8	-3.5	-
Special Sits Pens Acc	459.8	484.1	+5.6	-
Extra Income Pens Fd	406.4	427.8	+4.2	-
Convertible & Gilt Pen	193.6	203.8	-0.1	-
American Inc Pens	221.4	233.1	+1.3	-
European Pens	137.0	144.3	-0.3	-
Managed Cash Pens	172.1	181.2	....	-
Pref & Fixed Pens	132.0	139.0	+0.1	-
UK Blue Chip	127.0	133.7	+1.3	-
Recovery Fund	126.8	133.5	+2.0	-
Deferred With Profits Pen	108.6	114.4	....	-

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester

Telephone 0285 640302 Helpline: 041 307 6500

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
JRA/M&G Managed	118.3	124.6	+1.0	-
JRA/Scottish Amicable Mngd	114.4	120.5	+0.9	-
JRA/St James's Place Mngd	121.4	127.8	+0.4	-
Deposit	100.4	105.7	....	-
Far East	119.7	126.0	+3.1	-
Gilts	106.5	112.2	...	-
Greater European	114.5	120.6	+0.6	-
North American	139.1	146.5	+2.1	-
UK Equity	119.9	126.3	+1.0	-
Pension Funds				
JRA/M&G Managed cap	117.0	123.2	+1.2	-
JRA/M&G Managed acc	121.2	127.6	+1.2	-
JRA/Scottish Amicable Mngd cap	114.0	120.1	+0.8	-
JRA/Scottish Amicable Mngd acc	118.1	124.4	+0.8	-
JRA/St James's Pl Mngd cap	127.1	133.8	+0.6	-
JRA/St James's Pl Mngd Acc	131.6	138.6	+0.7	-
Deposit cap	100.2	105.5	...	-
Deposit acc	103.8	109.3	....	-
Far East cap	116.7	122.9	+3.7	-
Far East acc	120.9	127.3	+3.8	-
Gilts cap	104.1	109.6	-0.1	-
Gilts acc	107.9	113.6	...	-
Greater European cap	115.8	121.9	+1.1	-
Greater European acc	119.9	126.3	+1.1	-
North American cap	140.6	148.0	+4.3	-
North American acc	145.7	153.4	+4.9	-
UK Equity cap	119.9	126.3	+0.8	-
UK Equity acc	124.2	130.8	+0.8	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or −	Yield Gross
Multi Gwth		593.8		-
Multi Gwth A Cap	388.1	408.5	...	-
Multi Gwth A Accum	593.8	625.1	....	-
Op Prop	408.8	430.4	+0.1	-
Op Equity	866.1	911.7	-3.8	-
Op High Yld	510.3	537.2	+0.8	-
Op Man	712.1	749.6	+4.1	-
Op Dep	370.3	389.8	...	-
Op Inc Dist	203.1	213.8	+0.1	-
Op Itn Man	389.6	410.2	+6.5	-
Op Emerging Co's	429.0	451.6	+6.9	-
Op Money	103.1	108.6	...	-
European	99.6	104.9	+1.0	-
Pension Funds				
Property Ser B	760.0	800.0	+0.1	-
Equity Ser B	2574.4	2709.9	-4.7	-

Scottish Provident Institution

Swiss Life (UK) PLC

CMI Insurance Co Ltd-Contd.

Independent Financial Group PLC

Hambros Fd Mgrs (CI) Ltd

Rudolf Wolff Capital Management Ltd

Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

OFFSHORE INSURANCES

MANAGEMENT SERVICES

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

	Bid Price	Offer Price	+ or -	Yield Gross
John Govett Management (IoM) Ltd				
Dlr Geared Gar Wd Jan 29		$16.19		-
Paragon Plus Red Feb 1		£9.85		-
Paragon Stlg Red Feb 1		£11.33		-
SE Asian Mkt NAV Feb 4		$9.71		-
Govett Mgd Fut Jan 29	£13.66	14.94		-
Govett Mngd Ftrs Jan 29	$9.64	10.55		-
New Horizons Inv Feb 4		$14.84		-
New Horizon Inv Wts Feb 4		$7.04		-
Dlr Geared Bd Jan 29		$7.24		-
IBI Global Funds Limited				
Intl Stlg Gwth	£21.26	21.39		-
Intl $US Gwth	$18.14	19.11		-
High Income Gilt	£26.52	27.49		-
International Equity	£22.12	23.29		-
International Bond	£23.97	24.85		-
Managed Currency	£27.98	28.28		-
Sterling Currency	£26.73	27.01		-
US$ Currency	$37.85	38.25		-
Irish £ Currency	I£15.79	15.96		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.16	11.64		-
B.F. Offshore Inc Fd Ltd	£11.60	12.09		-
IWC Offshore Fd	£9.65	10.44		-
Rathbone Miles W/W $US	£10.91	11.16		-

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey 0534 36633						
AIB Currency Funds Ltd						
Intl Managed Bond	5		£- 22.6080	22.6172		-
Managed Capital Bd	5		£- 22.2695	22.3017		-
AIB Gradated Currency Fund Limited						
Stlg Mngd Currency	5		£-	11.0770		-
Sterling Currency Fd	5		£-	10.6458		-
Ecu Currency	5		Ecu-	11.0543		-
US Dollar Mngd Curr	5		$-	21.7277		-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI 0534 67888						
Australian Eq (Inc)	5¼	$0.927	0.932	0.997		0.6
Global Income (Inc)	5¼	$0.548	0.548	0.586	-	3.0
Global Resources	5¼	$0.436	0.443	0.474		0.6
Currency Funds						
Stlg Premium Income		£10.13		10.14		6.1
Sterling		£-		23.73		5.8
US Dollar		$-		32.55		2.0

	Bid Price	Offer Price	+ or -	Yield Gross
Lloyds Bank Trust Co (CI) Mngrs				
Lloydstrust World Inv Port	$2.600	2.730	+0.107	2.18
Dealing Weekly on Thursday				
Management International (Jersey) Ltd				
Anchor Gilt Edge	£10.02	10.07	+0.03	9.34
Minerals, Oils Res. Shrs. Fd. Inc.				
Mores Feb 4	$13.47	13.75	+0.01	2.91
Nat. Westminster Jersey Fd. Mgrs. Ltd				
Sterling Income	54.7	57.0		7.40
UK Equity Fd	229.3	244.0	+0.01	2.62
*Intl Bond Fd	100.8	104.0	+0.03	6.51
*Sterling Mngd Asst Fd	558.0	588.0	+0.04	4.60
*Sub. day every Thurs.				
NatWest TrustCor Currency Fund				
Dollar Class		$38.2652	+0.0010	-
Sterling Class		£27.1731	+0.0131	-
D-Mark Class		DM84.5690	+0.0534	-
Japanese Yen Class		Y7994.4778	+1.8000	-
Aetherton Rustica Portfolio Ltd				
Aetherton Rustica Pfolio UK £	11.63	12.10		-
Aetherton Rustica Pfolio US$	$10.60	11.01		-
Northgate Unit Tst. Mngr. (Jersey) Ltd				
Pacific Fund Jan 14	$35.28	36.52	+0.26	-
Perpetual UT Mngrs (Jersey) Ltd				
Offshore Intl Gwth Fd	$3.7423	3.9770		-
Offshore Japanese Gwth Fd	$0.9194	0.9772		-
Offshore Am Gwth Fd	$6.8707	7.3015		-
Offshore Emerging Cos	$4.1314	4.3905		-
Offshore European Fd	$1.4971	1.5910		-
Offshore Global Bond	$0.9718	1.0123		-
Offshore Global Bond Acc	$0.9718	1.0123		-
Offshore Far Eastern Fd	$2.4102	2.5614		-
Offshore UK Growth Fd	$2.0356	2.1577		-
The Portugal Fund Limited				
Lloyds Bank Trust Company (Channel Islands) Ltd				
NAV Jan 29		54.33		-
Royal Bk of Scotland Fd Mngrs (Jersey) Ltd				
Ivory Growth Fund	£15.65	15.87		1.43
LFM Defensive Strtgy	£11.51	11.90		-
Royal Trust Intl Fd Mngt Ltd				
Sterling Fxd Int	99.40	99.40	-1.00	6.87
International Bond	$1.129	1.135	+0.002	5.29
†Prices on Feb 3. Next dealing Feb 10.				
Schroder Mngt Services (Jersey) Ltd				
Schroder Money Funds Ltd				
Sterling		£36.8433		6.66
US $		$48.8750		1.96
D-Mark		DM84.1849		7.59
Swiss Franc		SFr77.9712		4.26

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Saving the Danish Bacon

TENSIONS inside the European exchange rate mechanism eased considerably yesterday after the Bundesbank surprised foreign exchange dealers by cutting its officially posted interest rates, *writes James Blitz*.

The cuts of 25 and 50 basis points in the Discount and Lombard rates pushed the Danish krone well within its ERM bands against the D-Mark, and triggered a sharp appreciation in the value of the French franc.

But, the timing of the move, in a week which has seen acute ERM pressures, was hailed as another indication that the Bundesbank is determined not to see the ERM break up.

Mr Avinash Persaud, a currency strategist at UBS Phillips and Drew in London, said: "This move brings the ERM back from the brink. There will be no further devaluations in the exchange rate mechanism for the next 12 months."

Miss Alison Cottrell of Midland Global Markets, who predicted last Christmas that the Bundesbank would ease its official rates on February 4th, said that the move was a complete about turn for Mr Helmut Schlesinger, the Bundesbank president.

But she added: "A ¼-point off the discount rate is not the end of the road. The Bundesbank is buying time until after the French elections." She now expects another easing in policy in April.

The Danish currency had been trading close to its ERM floor against the D-Mark of DKr3.9016 before the Bundesbank move, forcing the authorities in Copenhagen to raise a key lending rate by 200 basis points.

By the close of trading yesterday, the currency was near to its central ERM parity, at DKr3.8392.

The French franc also appreciated to a close of FFr3.3790 at the European close, more than a centime up on the day. One-month French francs traded at around 12 per cent last night, around 300 basis points below their peak on Monday.

A particularly interesting sign of how much the tension eased was that the 5 hard core currencies of the system – the D-Mark, French franc and the Benelux currencies – were all trading within 1 per cent of each other in the ERM grid last night. A move to 1 per cent bands for the hard core has often been touted as a road to faster monetary union.

The dollar rose to a new 1993 high of DM1.6670 against the D-Mark on prospects of a narrowing of the D-Mark/dollar interest rate differential. It later closed at DM1.6535, up 1 pfennig on the day.

The immediate prospects for the dollar depend on today's non-farm payroll figure for January, a critical indicator.

Sterling gained 3 pfennigs on yesterday's rate cut, closing at DM2.3900.

But, ironically, a rescued ERM puts off all hopes of an aggressive easing of interest rate policy. A slow shaving of German rates in 1993 is probably the last thing sterling investors want.

£ IN NEW YORK

Feb.4	Latest	Previous Close
£ Spot	1.4430-1.4440	1.4345 1.4355
1 month	0.37-0.35pm	0.37 0.36pm
3 months	1.03-1.00pm	1.05 1.02pm
12 months	2.60-2.50pm	2.65 2.55pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Feb.4	Previous
8.30 am	76.8	77.1
9.00 am	76.9	76.9
10.00 am	77.5	76.6
11.00 am	77.3	76.5
Noon	77.2	76.7
1.00 pm	77.2	76.5
2.00 pm	77.3	76.8
3.00 pm	77.5	76.6
4.00 pm	77.5	76.9

CURRENCY RATES

Feb 4	Bank ‡ rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.950380	0.816734
U S Dollar	3.00	1.36351	1.17324
Canadian $	6.63	1.72675	1.48649
Austrian Sch	8.25	15.7799	13.6940
Belgian Franc	7.75	46.3082	40.2421
Danish Krone	11.50	8.73669	7.55214
D-Mark	8.00	2.24052	1.94640
Dutch Guilder	7.75	2.52277	2.19243
French Franc	10	7.58793	6.58656
Italian Lira	11.50	N/A	1807.00
Japanese Yen	2.50	169.689	146.244
Norway Krone	-	9.55684	8.25021
Spanish Peseta	-	159.449	138.337
Swedish Krona	11.50	10.2066	8.82862
Swiss Franc	5.50	2.08208	1.80268
Greek Drach	19	N/A	260.424
Irish Punt	-	N/A	0.803973

‡ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Feb.3

CURRENCY MOVEMENTS

Feb 4	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.5	-32.93
U S Dollar	67.5	-10.2
Canadian Dollar	96.3	-6.06
Austrian Schilling	115.1	+16.97
Belgian Franc	115.8	+2.46
Danish Krone	118.5	+11.05
D-Mark	125.2	+32.30
Swiss Franc	109.4	+17.62
Dutch Guilder	119.5	+21.17
French Franc	110.0	-6.60
Lira	81.9	-33.77
Yen	154.3	+90.12
Peseta	99.8	-24.04

Morgan Guaranty changes: average 1980-1982=100 Bank of England Index (Base Average 1985=100) **Rates are for Feb.3

OTHER CURRENCIES

Feb 4	£	$
Argentina	1.4405 - 1.4430	0.9980 - 0.9990
Australia	2.1285 - 2.1305	1.4715 - 1.4725
Brazil	23933.9 - 23950.8	16580.5 - 16580.7
Finland	8.2280 - 8.3375	5.6900 - 5.7200
Greece	319.700 - 320.500	221.250 - 221.650
Hong Kong	11.1795 - 11.1955	7.7335 - 7.7345
Iran	2200.00*	1485.00*
Korea(Sth)	1133.90 - 1152.20	792.90 - 799.10
Kuwait	0.44650 - 0.44740	0.30900 - 0.30950
Luxembourg	49.35 - 49.45	34.15 - 34.25
Malaysia	3.7930 - 3.8115	2.6290 - 2.6320
Mexico	4.5015 - 4.5040	3.1000 - 3.1020
N.Zealand	2.7710 - 2.7745	1.9405 - 1.9435
Saudi Ar.	5.4330 - 5.4460	3.7495 - 3.7505
Singapore	2.3900 - 2.3970	1.6500 - 1.6510
S Af (Cm)	4.5005 - 4.5125	3.1170 - 3.1190
S Af (Fn)	6.7690 - 6.8650	4.6620 - 4.7280
Taiwan	37.00 - 37.15	25.50 - 25.60
U A E	5.3015 - 5.3250	3.6715 - 3.6735

*Floating rate. Iran Official rate £98.50 $66.30

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Feb 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	142.150	138.337	-2.68	4.17	47
Portuguese Escudo	180.624	176.232	-2.43	3.91	41
Irish Punt	0.809996	0.803973	-0.74	2.14	38
Dutch Guilder	2.20045	2.19243	-0.36	1.75	23
D-Mark	1.95294	1.94640	-0.33	1.72	28
Belgian Franc	40.2802	40.2421	-0.09	1.48	9
French Franc	6.54988	6.58656	0.56	0.82	-26
Danish Krone	7.44934	7.55214	1.38	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Feb 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4320 - 1.4515	1.4445 - 1.4455	0.37-0.35cpm	2.99	1.00-0.97pm	2.73
Canada	1.8150 - 1.8385	1.8270 - 1.8280	0.06pm-0.02cdis	0.13	0.12-0.28dis	-0.44
Netherlands	2.6570 - 2.7020	2.6850 - 2.6950	½-½cdis	-1.95	1¼-1¼dis	-1.86
Belgium	48.70 - 49.70	49.35 - 49.45	7-11cdis	-2.19	27-34dis	-2.47
Denmark	9.1700 - 9.2800	9.1775 - 9.1875	6½-8½oredis	-9.80	14½-15½dis	-6.48
Ireland	0.9795 - 0.9890	0.9810 - 0.9820	0.44-0.73pdis	-7.15	1.43-2.02dis	-7.03
Germany	2.3570 - 2.4010	2.3875 - 2.3925	¼-½pfdis	-1.88	1¼-1¾dis	-2.09
Portugal	214.75 - 218.75	215.75 - 218.75	120-129cdis	-6.88	391-417dis	-7.44
Spain	167.70 - 170.60	169.40 - 169.70	91-98cdis	-6.69	300-312dis	-7.22
Italy	2202.90 - 2226.50	2214.25 - 2215.25	7-10lirecdis	-4.61	27-30dis	-5.15
Norway	10.0270 - 10.1400	10.1125 - 10.1225	1⅞-3⅞oredis	-2.97	7½-10dis	-3.48
France	7.9930 - 8.1285	8.0700 - 8.0800	3¾-4¾cdis	-6.04	12¼-13¼dis	-6.32
Sweden	10.7860 - 10.8670	10.7975 - 10.8075	2½-4½oredis	-3.54	9½-12½dis	-3.96
Japan	178.35 - 180.95	179.50 - 180.50	½-¼ypm	2.92	1⅜-1¼pm	2.78
Austria	16.61 - 16.89	16.78 - 16.81	1⅞-2⅞grodis	-1.65	6¾-8⅝dis	-1.85
Switzerland	2.1840 - 2.2175	2.2050 - 2.2150	⅛-⅛cpm	1.02	⅜-¼pm	0.68
Ecu	1.2145 - 1.2325	1.2285 - 1.2295	0.28-0.32cdis	-2.93	0.96-1.05dis	-3.27

Commercial rates taken towards the end of London trading. Six-month forward dollar 1.60-1.55pm. 12 Month 2.45-2.35pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Feb 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4320 - 1.4515	1.4445 - 1.4455	0.37-0.35cpm	2.99	1.00-0.97pm	2.73
Ireland†	1.4535 - 1.4715	1.4690 - 1.4700	0.78-1.00cdis	-7.27	1.98-2.42dis	-5.99
Canada	1.2625 - 1.2695	1.2630 - 1.2640	0.28-0.31cdis	-2.80	0.93-0.98dis	-3.02
Netherlands	1.8495 - 1.8750	1.8605 - 1.8615	0.73-0.76cdis	-4.80	2.18-2.24dis	-4.75
Belgium	33.95 - 34.35	34.15 - 34.25	14.00-16.00cdis	-5.26	43.00-47.00dis	-5.26
Denmark	6.3880 - 6.4300	6.3525 - 6.3575	7.75-8.75oredis	-15.58	19.00-20.00dis	-12.27
Germany	1.6410 - 1.6670	1.6530 - 1.6540	0.66-0.70pfdis	-5.01	2.03-2.07dis	-4.96
Portugal	149.30 - 149.75	149.60 - 149.70	122-127cdis	-9.98	383-396dis	-10.41
Spain	116.90 - 118.20	117.60 - 117.80	93-103cdis	-9.99	295-315dis	-10.37
Italy	1531.00 - 1544.50	1532.00 - 1532.50	9.40-10.40liredis	-7.75	30.40-31.90dis	-8.13
Norway	6.9700 - 7.0385	7.0000 - 7.0050	3.35-3.85oredis	-6.17	11.00-11.80dis	-6.51
France	5.5690 - 5.6295	5.5850 - 5.5900	4.10-4.30cdis	-9.02	13.00-13.40dis	-9.45
Sweden	7.4560 - 7.5525	7.4725 - 7.4775	4.00-4.60oredis	-6.90	12.50-13.50dis	-6.96
Japan	124.30 - 124.75	124.50 - 124.60	0.01-0.02ydis	-0.14	0.02-0.03dis	-0.08
Austria	11.5550 - 11.6800	11.6600 - 11.6650	4.35-4.70grodis	-4.66	13.45-14.55dis	-4.80
Switzerland	1.5190 - 1.5415	1.5290 - 1.5300	0.26-0.29cdis	-2.16	0.81-0.86dis	-2.18
Ecu†	1.1710 - 1.1830	1.1780 - 1.1790	0.60-0.59cpm	6.06	1.81-1.79pm	6.11

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Feb 4	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	6 - 5¾	6¼ - 5⅞	6⅜ - 6¼	6⅛ - 6	5⅞ - 5¾	5⅝ - 5½
US Dollar	3⅜ - 3¼	3¼ - 3	3⅜ - 3¼	3⅜ - 3¼	3⅜ - 3¼	3⅝ - 3½
Can. Dollar	6 - 5¾	6 - 5¾	6¼ - 6	6⅝ - 6½	6⅞ - 6¾	6⅞ - 6¾
Dutch Guilder	8½ - 8¼	8⅝ - 8½	8½ - 8¼	8⅛ - 8	7⅝ - 7½	7⅜ - 7¼
Swiss Franc	5¾ - 5½	5⅝ - 5½	5⅝ - 5½	5½ - 5⅜	5¼ - 5⅛	5 - 4⅞
D-Mark	8⅝ - 8½	8⅝ - 8½	8½ - 8⅜	8⅛ - 8	7⅝ - 7½	7⅜ - 7¼
French Franc	12 - 11¾	12¼ - 11¾	12¼ - 11¾	12¼ - 11¾	10¾ - 10½	9¾ - 9½
Italian Lira	13½ - 11½	11¾ - 11½	11¼ - 11	11¼ - 11	11¼ - 11	11¼ - 11
Belgian Franc	8¾ - 8½	8¾ - 8½	8⅝ - 8⅜	8⅜ - 8⅛	8 - 7¾	7⅝ - 7⅜
Yen	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½
Danish Krone	150 - 50	70 - 35	30 - 25	20 - 15	16 - 15	12 - 11½
Asian $Sing	4 - 3	4 - 3	4 - 3	3½ - 2½	3½ - 2½	4 - 3
Spanish Peseta	14 - 13¾	14 - 13¾	13⅞ - 13⅝	13¾ - 13½	13½ - 12⅞	12⅞ - 12⅝
Portuguese Esc.	14 - 13	14½ - 13½	14¼ - 13¾	13⅞ - 13⅜	13⅞ - 13⅜	14 - 13¼

Long term Eurodollars: two years 4⅛-4⅛ per cent; three years 5⅛-5 per cent; four years 5⅝-5½ per cent; five years 6-5⅞ per cent nominal. Short term rates are call for US Dollar and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Feb.4	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Pta.	Ecu
£	1	1.445	2.390	180.0	8.075	2.210	2.690	2215	1.828	49.40	169.6	1.229
$	0.692	1	1.654	124.6	5.588	1.529	1.862	1533	1.265	34.19	117.4	0.851
DM	0.418	0.605	1	75.31	3.379	0.925	1.126	926.8	0.765	20.67	70.96	0.514
YEN	5.556	8.028	13.28	1000.	44.86	12.28	14.94	12306	10.16	274.4	942.2	6.828
F Fr.	1.238	1.789	2.960	222.9	10.	2.737	3.331	2743	2.264	61.18	210.0	1.522
S Fr.	0.452	0.654	1.081	81.45	3.654	1	1.217	1002	0.827	22.35	76.74	0.556
N Fl.	0.372	0.537	0.888	66.91	3.002	0.822	1	823.4	0.680	18.36	63.05	0.457
Lira	0.451	0.652	1.079	81.26	3.646	0.998	1.214	1000.	0.825	22.30	76.57	0.555
C $	0.547	0.790	1.307	98.47	4.417	1.209	1.472	1212	1	27.02	92.78	0.672
B Fr.	2.024	2.925	4.838	364.4	16.35	4.474	5.445	4484	3.700	100.	343.3	2.488
Pta	0.590	0.852	1.409	106.1	4.761	1.303	1.586	1306	1.078	29.13	100.	0.725
Ecu	0.814	1.176	1.945	146.5	6.570	1.798	2.189	1802	1.487	40.20	138.0	1.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
99	2-40	4-06	0-04	0-30
100	1-46	3-18	0-10	0-42
101	0-61	2-38	0-25	0-62
102	0-27	1-63	0-55	1-23
103	0-10	1-30	1-38	1-54
104	0-03	1-04	2-31	2-28
105	0-01	0-48	3-29	3-08
106	0	0-33	4-28	3-57

Estimated volume total, Calls 2638 Puts 1740
Previous day's open int. Calls 31024 Puts 38139

LIFFE EURO SWISS FRANC OPTIONS SFR 1m points of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
9425	0.65	0.98	0.01	0.02
9450	0.42	0.74	0.03	0.03
9475	0.21	0.52	0.07	0.06
9500	0.07	0.33	0.18	0.12
9525	0.02	0.18	0.38	0.22
9550	0.01	0.09	0.62	0.38
9575	0	0.04	0.86	0.58
9600		0.02		0.81

Estimated volume total, Calls 100 Puts 0
Previous day's open int. Calls 1361 Puts 3290

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
9200	1.14	1.49	0.03	0.32
9250	0.67	1.14	0.06	0.47
9300	0.32	0.84	0.21	0.67
9350	0.12	0.61	0.51	0.94
9400	0.04	0.42	0.93	1.25
9450	0.02	0.30	1.41	1.63
9500	0.01	0.22	1.90	2.05
9550	0	0.15	2.39	2.48

Estimated volume total, Calls 9398 Puts 6340
Previous day's open int. Calls 88979 Puts 76165

LIFFE EUROMARK OPTIONS DM1m points of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
9150	0.67	1.55	0.01	0.02
9175	0.44	1.31	0.03	0.03
9200	0.25	1.08	0.09	0.05
9225	0.13	0.86	0.22	0.08
9250	0.07	0.65	0.41	0.12
9275	0.03	0.48	0.62	0.20
9300	0.02	0.34	0.86	0.31
9325	0.01	0.24	1.10	0.46

Estimated volume total, Calls 9973 Puts 8941
Previous day's open int. Calls 154130 Puts 97409

LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS Lira 200m 100ths of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
9550	1.27	2.42	0.21	1.51
9600	0.91	2.15	0.35	1.74
9650	0.61	1.90	0.55	1.99
9700	0.37	1.67	0.81	2.26
9750	0.21	1.46	1.15	2.55
9800	0.11	1.27	1.55	2.86
9850	0.05	1.00	1.99	3.09
9900	0.03	0.94	2.47	3.53

Estimated volume total, Calls 1736 Puts 250
Previous day's open int. Calls 7423 Puts 4626

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

Strike Price	Calls-settlements Mar	Calls Jun	Puts-settlements Mar	Puts Jun
9375	0.60	1.07	0.05	0.08
9400	0.41	0.86	0.11	0.12
9425	0.24	0.66	0.19	0.17
9450	0.14	0.49	0.34	0.25
9475	0.08	0.36	0.53	0.37
9500	0.04	0.24	0.74	0.50
9525	0.02	0.17	0.97	0.68
9550	0.01	0.11	1.21	0.87

Estimated volume total, Calls 6047 Puts 5100
Previous day's open int. Calls 114961 Puts 78196

LONDON (LIFFE)

9% NOTIONAL BRITISH GILT * £50,000 32nds of 100%

	Close	High	Low	Prev.
Mar	101-18	102-16	101-12	102-02
Jun	102-20	103-15	102-29	103-00

Estimated volume 52041 (41327)
Previous day's open int. 65764 (66296)

US TREASURY BONDS 8% * $100,000 32nds of 100%

	Close	High	Low	Prev.
Mar	107-27	107-28	107-16	107-03
Jun	106-19			105-29

Estimated volume 75 (3)
Previous day's open int. 817 (817)

6% NOTIONAL GERMAN GOVT. BOND * DM250,000 100ths of 100%

	Close	High	Low	Prev.
Mar	93.11	93.54	93.05	93.36
Jun	93.17	93.55	93.10	93.39

Estimated volume 89286 (43566)
Previous day's open int. 148504 (147999)

6% NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL) DM250,000 100ths of 100% *

	Close	High	Low	Prev.
Mar	97.51	97.90	97.48	97.66
Jun	97.99			98.08

Estimated volume 8464 (5932)
Previous day's open int. 7875 (7574)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low
Mar	109.28	109.28	109.12
Jun	108.59	108.62	108.47

Estimated volume 1076 (1623)
Traded exclusively on APT

12% NOTIONAL ITALIAN GOVT. BOND (BTP) * LIRA 200m 100ths of 100%

	Close	High	Low	Prev.
Mar	96.56	97.00	96.23	95.83
Jun	96.41	96.70	96.15	95.63

Estimated volume 17597 (13890)
Previous day's open int. 30320 (30693)

THREE MONTH STERLING * £500,000 points of 100%

	Close	High	Low	Prev.
Mar	94.30	94.45	94.25	94.30
Jun	94.74	94.88	94.66	94.74
Sep	94.82	94.94	94.75	94.80
Dec	94.69	94.81	94.60	94.64
Mar	94.31	94.42	94.20	94.25
Jun	93.94	93.98	93.85	93.89

Est. Vol. (inc. figs. not shown) 69158 (61534)
Previous day's open int. 293252 (288394)

THREE MONTH EURODOLLAR * $1m points of 100%

	Close	High	Low	Prev.
Mar	96.68	96.68	96.65	96.63
Jun	96.46	96.46	96.41	96.38
Sep	96.15	96.16	96.08	96.05
Dec	95.59	95.59	95.58	95.51

Est. Vol. (inc. figs. not shown) 1513 (1610)
Previous day's open int. 20174 (20589)

THREE MONTH EUROMARK * DM 1m points of 100%

	Close	High	Low	Prev.
Mar	92.16	92.30	92.11	92.13
Jun	93.03	93.15	92.96	92.99
Sep	93.50	93.56	93.46	93.47
Dec	93.70	93.76	93.65	93.66
Mar	94.01	94.10	93.96	93.97
Jun	94.01	94.10	93.97	93.99

Estimated volume 190033 (104774)
Previous day's open int. 455306 (440413)

THREE MONTH ECU ECU 1m points of 100%

	Close	High	Low	Prev.
Mar	90.67	90.84	90.55	90.52
Jun	91.64	91.84	91.58	91.55
Sep	92.36	92.50	92.31	92.32
Dec	92.69	92.77	92.61	92.65

Estimated volume 3506 (2094)
Previous day's open int. 14576 (14104)

THREE MONTH EURO SWISS FRANC SFR 1m points of 100%

	Close	High	Low	Prev.
Mar	94.89	94.97	94.77	94.77
Jun	95.21	95.29	95.13	95.10
Sep	95.41	95.52	95.32	95.31
Dec	95.52	95.50	95.40	95.40

Estimated volume 18434 (9266)
Previous day's open int. 43716 (43067)

THREE MONTH EUROLIRA INT. RATE LIRA 1,000m points of 100%

	Close	High	Low	Prev.
Mar	88.77	88.87	88.59	88.43
Jun	89.30	89.40	89.08	88.92
Sep	89.51	89.55	89.30	89.17
Dec	89.56	89.56	89.38	89.22

Estimated volume 5027 (2822)
Previous day's open int. 18552 (17904)

FT-SE 100 INDEX * £25 per full index point

	Close	High	Low	Prev.
Mar	[illegible]	[illegible]	[illegible]	2884.0
Jun	[illegible]	[illegible]	[illegible]	2896.5
Sep	[illegible]	[illegible]	[illegible]	2915.5

Estimated volume 15626 (12285)
Previous day's open int. 56890 (57115)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev.
Mar	107-26	108-01	107-13	107-08
Jun	106-17	106-26	106-05	106-00
Sep	105-17	105-17	105-06	104-25
Dec	104-11	104-11	104-06	103-20
Mar	-	-	-	102-19
Jun	-	-	-	101-19
Sep	-	-	-	100-22
Dec	-	-	-	99-27
Mar	-	-	-	99-03
Jun	-	-	-	98-14

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	97.05	97.06	97.02	97.00
Jun	96.85	96.86	96.82	96.80
Sep	96.56	96.57	96.53	96.48
Dec	-	-	-	96.12

BRITISH POUND (IMM) $s per £

	Latest	High	Low	Prev.
Mar	1.4390	1.4420	1.4240	1.4278
Jun	1.4240	1.4340	1.4230	1.4198
Sep	-	-	-	1.4142

SWISS FRANC (IMM) SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Mar	0.6510	0.6560	0.6470	0.6532
Jun	0.6470	0.6500	0.6450	0.6502
Sep	-	-	-	0.6478

JAPANESE YEN (IMM) Y12.5m $ per Y100

	Latest	High	Low	Prev.
Mar	0.8028	0.8049	0.8018	0.8036
Jun	0.8027	0.8050	0.8026	0.8037
Sep	-	-	-	0.8044

DEUTSCHE MARK (IMM) DM125,000 $ per DM

	Latest	High	Low	Prev.
Mar	0.6000	0.6065	0.5960	0.6036
Jun	0.5935	0.5941	0.5890	0.5986
Sep	0.5880	0.5914	0.5880	0.5917
Dec	0.5840	0.5840	0.5830	0.5877

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev.
Mar	96.68	96.69	96.64	96.64
Jun	96.46	96.49	96.41	96.41
Sep	96.14	96.17	96.09	96.06
Dec	95.59	95.63	95.54	95.52
Mar	95.35	95.38	95.30	95.28
Jun	94.96	94.98	94.92	94.89
Sep	94.63	94.66	94.61	94.58
Dec	94.23	94.25	94.20	94.17

STANDARD & POORS 500 INDEX $500 times index

	Latest	High	Low	Prev.
Mar	449.10	449.80	448.50	447.90
Jun	449.50	450.10	448.90	448.30
Sep	450.80	450.80	450.70	449.00
Dec	451.05	451.40	451.05	449.90

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Feb	Calls Mar	Calls Apr	Calls Jun	Puts Feb	Puts Mar	Puts Apr	Puts Jun
1.475	0.30	1.30	2.08	2.88	3.64	5.00	6.17	7.51
1.500	0.06	0.72	1.40	2.19	5.88	6.92	7.92	9.19
1.525	0.02	0.36	0.90	1.60	8.23	9.00	9.91	11.07
1.550	-	0.15	0.55	1.14	10.70	11.27	12.05	13.09
1.575	-	0.06	0.32	0.80	13.19	13.65	14.29	15.21
1.600	-	0.03	0.16	0.54	15.69	16.07	16.62	17.42
1.625	-	0.01	0.08	0.35	18.18	18.53	19.00	19.70

Previous day's open int: Calls 506,112 Puts 525,835 (All currencies)
Previous day's volume: Calls 24,986 Puts 26,099 (All currencies)

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

	Open	Sett price	Change	High	Low	† Yield	† Open int.
March	113.40	113.50	+0.10	113.64	113.28	7.99	232,483
June	114.88	115.00	+0.14	115.10	114.80	7.79	55,914
September	114.88	115.02	+0.16	115.04	114.84	7.79	2,848

Estimated volume 195,150 † Total Open Interest 291,245

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

	Open	Sett price	Change	High	Low	† Yield	† Open int.
March	88.55	88.91	+0.41	89.30	88.46	11.50	52,223
June	91.64	91.66	+0.06	91.90	91.56	8.40	48,966
September	92.47	92.54	+0.05	92.65	92.47	7.51	33,553
December	92.72	92.75	+0.02	92.90	92.72	7.27	12,944

Estimated volume 70,143 † Total Open Interest 160,501

CAC-40 FUTURES (MATIF) Stock Index

	Open	Sett price	Change	High	Low	† Yield	† Open int.
February	1854.0	1879.0	+30.0	1892.0	1850.0	-	27,021
March	1875.0	1898.5	+29.5	1909.0	1874.0	-	10,639
April	1890.0	1917.0	+30.0	1890.0	1890.0	-	375
June	1915.0	1909.5	+30.0	1915.0	1915.0	-	1,879

Estimated volume 25,558 † Total Open Interest 45,968

ECU BOND (MATIF)

	Open	Sett price	Change	High	Low	† Yield	† Open int.
March	110.34	110.48	+0.22	110.70	110.20	8.43	10,241

Estimated volume 6,734 † Total Open Interest 10,501

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
112	1.56	-	-	0.09	0.33	-
113	0.73	2.43	-	0.23	0.52	-
114	0.22	1.72	-	0.68	0.76	1.14
115	0.06	1.10	1.54	-	1.16	-
116	0.03	0.65	-	-	-	-
Open int	147,314	86,968	5,955	185,845	52,427	2,750

Estimated volume 52,441 † Total Open Interest 480,251
† All Yield & Open interest figures are for the previous day.

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.4450	1.4414	1.4352	1.4293	1.4210

BASE LENDING RATES

	%		%		%
Adam & Company	6	Cyprus Popular Bank	6	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	6	NatWestminster	6
AIB Bank	6	Equatorial Bank plc	6	Northern Bank Ltd	7
●Henry Ansbacher	6	Exeter Bank Limited	7	Nykredit Mortgage Bnk	6.5
B & C Merchant Bank	13	Financial & Gen Bank	7	●Rea Brothers	6
Bank of Baroda	6	●Robert Fleming & Co	6	Roxburghe Bank Ltd	8
Banco Bilbao Vizcaya	6	Girobank	6	Royal Bk of Scotland	6
Bank of Cyprus	6	●Guinness Mahon	6	●Smith & Williman Secs	6
Bank of Ireland	6	Habib Bank AG Zurich	6	Standard Chartered	6
Bank of India	6	●Hambros Bank	6	TSB	6
Bank of Scotland	6	Hampshire Trust Plc	13.5	Unibank plc	7
Barclays Bank	6	Heritable & Gen Inv Bk.	6	●United Bk of Kuwait	6
Brit Bk of Mid East	6	●Hill Samuel	6	Unity Trust Bank Plc	6
●Brown Shipley	6	C. Hoare & Co	6	Western Trust	6
CL Bank Nederland	6	Hongkong & Shanghai	6	Whiteaway Laidlaw	6
Citibank NA	6	Julian Hodge Bank	6	Yorkshire Bank	6
City Merchants Bank	6	●Leopold Joseph & Sons	6		
Clydesdale Bank	6	Lloyds Bank	6		
The Co-operative Bank	6	Meghraj Bank Ltd	6		
Coutts & Co	6	McDonnell Douglas Bk.	6		
Credit Lyonnais	6	Midland Bank	6		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Selling the facts

EUROPEAN cash and futures markets were extremely bullish about the prospect for rate cuts on the continent yesterday after the Bundesbank announced that it would be holding a news conference after its fortnightly council meeting, *writes James Blitz*.

Sterling and French franc futures rose sharply in the interval between 1.00 and 2.15 p.m. London time on the expectation that a cut in Germany's officially-posted interest rates would help ease monetary policy elsewhere.

UK clearing bank base lending rate 6 per cent from January 26, 1993

But, when news of both the 25 basis point cut in the Discount rate and the 50 basis point cut in the Lombard rate came through, the reaction was one of disappointment, and sterling futures fell back sharply.

In part, the price fall in the European afternoon may have been due to the dealer principle of "buying on the rumour and selling on the facts."

However, dealers seemed unwilling to assume that yesterday's cut in the Discount rate heralded aggressive easing in the future.

The March Euromark contract rose 17 basis points on the day, to a peak of 92.30, before closing unchanged on the day at 92.13.

At this level, it assumes that 3-month money will be 7.87 per cent next month, only 13 basis points below the current Discount rate.

The reaction in French franc markets was more ebullient. The March French franc contract rose 75 basis points to 89.30 on the expectation that a cut in German rates could allow French policy to ease.

But, again, the March contract fell back to a close of 89.91. At this level, it prices 3-month French francs at 9.09 per cent next month, some 3 per cent below yesterday's level for 3-month money. The assumption of traders must be that there will either be an aggressive easing in German policy or that the French franc will float.

There was a bullish mood in the sterling cash market, too, where 3-month Certificates of Deposit were bought as low as 5¾ per cent, before closing back up at about 6 per cent.

Dealers assumed that a German policy ease would take the presure off sterling on the FX markets. However, Mr Norman Lamont's comment's yesterday that the exchange rate would be closely monitored injected some bearishness at the end of the day.

FT LONDON INTERBANK FIXING

(11.00 a.m. Feb.4) 3 months US dollars		6 months US Dollars	
bid 3⅛	offer 3¼	bid 3⅜	offer 3½

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Lunchtime

Prime rate	6
Broker loan rate	5
Fed.funds	3⅛
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	3.08	Three year	4.59
Two month	2.91	Five year	5.55
Three month	2.96	Seven year	5.98
Six month	3.19	10-year	6.38
One year	3.39	30-year	7.19
Two year	4.18		

Feb.4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.65	8.50-8.60	8.40-8.50	8.30-8.45	7.90-8.05	9.00
Paris	11⅞-12	12⅛-12⅜	-	12⅛-12⅜		9.10
Zurich	6-6¼	5⅞-5⅞	-	5⅜-5⅞	-	-
Amsterdam	8.31-8.43	8.20-8.30	-	7.98-8.06	-	-
Tokyo	3⅛-3⅜	3⅛-3⅜	-	-	-	-
Milan	11½-11⅞	11⅞	-	11⅞	-	-
Brussels		8⅞-8⅞	-	8⅞-8⅞	-	-
Dublin	14½-15	17-17½	16-16½	15½-16	13¼-13¾	-

LONDON MONEY RATES

Feb 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	6¼	6⅜	6½	6¼	5⅞	5⅝
Interbank Bid	5½	6⅛	6¼	6	5¾	5½
Sterling CDs	-	-	6⅜	6	5⅞	5⅝
Local Authority Deps.	6	6⅛	6¼	6	5⅞	5⅝
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	6½	6¼	-	-	-	-
Company Deposits	-	-	-	-	-	-
Finance House Deposits	-	-	6¼	6	5⅞	5½
Treasury Bills (Buy)	-	-	5¾	5½	5⅝	-
Bank Bills (Buy)	-	-	5¾	5⅞	5½	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	3.02	3.11	3.24	3.52
SDR Linked Dep. Offer	-	-	5½	5⅜	5¼	5¼
SDR Linked Dep. Bid	-	-	5⅜	5¼	5⅛	5
ECU Linked Dep. Offer	-	-	9⅝	9½	9¼	8¾
ECU Linked Dep. Bid	-	-	9½	9⅜	9⅛	8⅝

Treasury Bills (sell); one-month 5⅝ per cent; three months 5⅜ per cent; six months 5⅜ per cent; Bank Bills (sell): one-month 5⅝ per cent; three months 5⅞ per cent; Treasury Bills; Average tender rate of discount 5.4349. ECGD Fixed Rate Sterling Export Finance. Make up day January 29, 1993. Agreed rates for period February 24, 1993 to March 23, 1993, Scheme I: 8.32 p.c., Schemes II & III: 8.20 p.c. Reference rate for period January 1, 1993 to January 29, 1993, Scheme IV&V: 7.0 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7½ from February 1, 1993: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 2¼ per cent; one-three months 5¼ per cent; three-six months 5 per cent; six-nine months 4¾ per cent; nine-twelve months 4½ per cent; Under £100,000 2¼ per cent from Jan.27, 1993, Deposits withdrawn for cash 1¼ per cent.

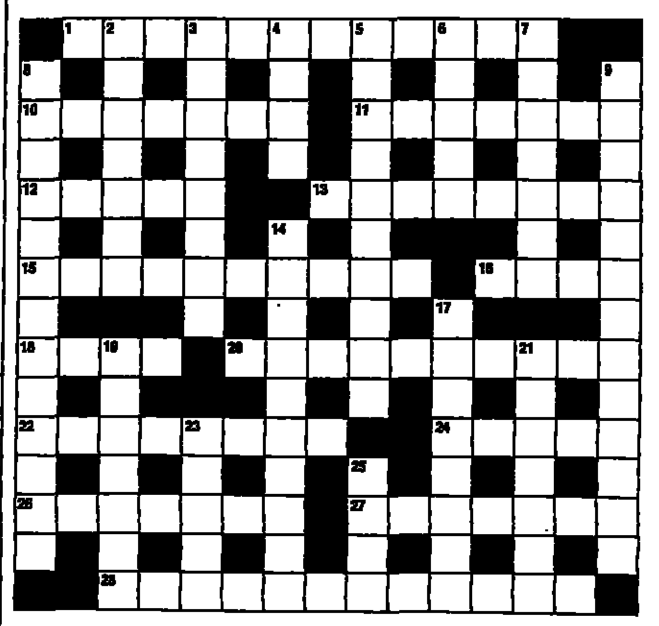
MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

CROSSWORD

No.8,069 Set by GRIFFIN



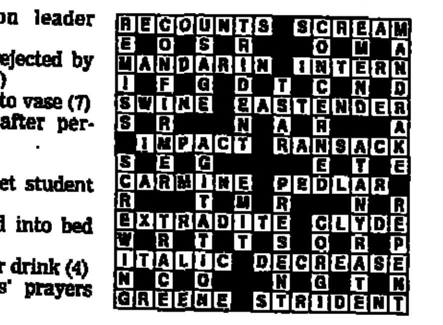
ACROSS

1 Admitting cost deputy editor showed sympathy (12)
10 Turned and went off around mid-day (7)
11 Collapse with cold before Rumpole drops round (7)
12 Suffer surly chap but alight first (5)
13 Trained people use it at both ends (8)
15 Les was ordered to sign for shop assistants (10)
16 May be ordered off for scoffing (4)
18 Look round Virginia when in shape (4)
20 Caretakers found outside broadcast studio headphones (10)
22 The chart prepared for the PM once (8)
24 Ring stupid union leader bearing hatred (5)
26 Omit information rejected by the foreign court (7)
27 Beast tossed coin into vase (7)
28 Amused reaction after person's killing (12)

DOWN

2 Work on Act I upset student of vision (7)
3 Dirty tart staggered into bed (8)
4 Do as drunk does for drink (4)
5 Recalls the soldiers' prayers (10)
6 T. Brown's faith (5)
7 Regret learning of the French president first (7)
8 Aims to take snooker as a hobby (5-8)
9 Remembers unit arranging repayment (13)
14 Huge student's after something that commemorates top actor (10)
17 Now day is hot give warning (8)
19 Soft mixture of seaweed used in a decoration (7)
21 Ida comes up to sit with Fatty (7)
23 Spotless toilet the Parisian enters (5)
25 Teacher drops or starts using short skirt (4)

Solution to Puzzle No.8,068



WORLD STOCK MARKETS

CANADA

TORONTO

4 pm close February 4

MONTREAL

4 pm close February 4

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

	Feb	Feb	Feb	Jan	1992/93		Since compilation	
Amex Mkt. Value	414.99	412.15	411.63	411.05	416.99 (12/2/92)	384.85 (9/10/92)	416.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	706.67	705.12	701.77	695.34	706.67 (3/2/93)	547.84 (28/6/92)	706.67 (3/2/93)	54.87 (31/10/72)

	Jan 29	Jan 22	Jan 15	year ago (approx.)
Dow Industrial Div. Yield	3.13	3.18	3.17	2.88
	Jan 27	Jan 20	Jan 13	year ago (approx.)
S & P Industrial div. yield	2.51	2.60	2.59	2.78
S & P Ind. P/E ratio	26.96	26.62	26.70	23.24

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Chrysler	16,806,100	38¾	—
Glaxo	7,049,500	16⅝	+ ⅛
Citicorp Pf	6,952,300	17⅞	- ⅛
Merck	6,156,200	39¼	+ 1⅝
Gen Motors	5,346,800	39¼	+ 1⅞
Nine West	4,741,900	21½	—
Bristol Myers	4,212,200	59	+ ⅞
Telefonos	3,506,800	52½	—
IBM	3,193,900	51⅛	- 1
Motorola	3,183,900	64½	+ ¼

TRADING ACTIVITY

† Volume Millions	Feb 3	Feb 2	Feb 1
New York SE	342.530	270.767	238.340
Amex	20.679	16.954	19.641
NASDAQ	(c)	254,061	179.947
NYSE			
Issues Traded	2,449	2,437	2,431
Rises	1,324	1,089	1,190
Falls	601	789	658
Unchanged	524	559	583
New Highs	258	171	141
New Lows	20	23	15

CANADA

TORONTO	Feb 3	Feb 2	Feb 1	Jan 29	1992/93 HIGH	LOW
Metals & Minerals	2808.54	2774.96	2765.91	2773.54	3238.67 (16/1/92)	2529.91 (17/11/92)
Composite	3344.83	3321.83	3310.92	3305.47	3666.06 (16/1/92)	3185.40 (14/10/92)
MONTREAL Portfolio	1762.47	1743.72	1739.16	1733.12	1937.59 (15/1/92)	1663.16 (14/10/92)

...except NYSE All Common – 50; Standard and Poor's – 10; and Toronto ... indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ ... Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Ind. Index theoretical ... of the highest and lowest prices reached during the day by each stock; ... lows (supplied by Telekurs) represent the highest and lowest values that the ... The figures in brackets are previous day's. ♦ Correction.

WORLD				
M.S. Capital Intl.(1/1/70) $	502.1*	501.3	498.8	498.9
Euro Top-100 (26/6/90)	903.74	895.44	895.57	894.47

*Saturday January 30: Taiwan Weighted Price: 3,374.66, Korea Comp Ex. 670.54 ♦ Subject to official recalculation. † Correction.

Base values of all indices are 100 except Austria Traded, BEL20, HEX Gen., ... 1,000, JSE Gold – 255.7, JSE 35 Industrials – 264.3 and Australia All Ordinary and ...

TOKYO - Most Active Stocks

Thursday, 4th February, 1993

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Joyo Bank	12.1m	860	+10	Komatsu	3.6m	720	+11
Isuzu Motor	11.6m	375	-5	Green Cross	3.3m	1,220	-40
Oki Electric	5.7m	382	+1	Kanematsu Corp	2.9m	395	+20
Bank Yokohama	5.6m	995	-1	Shizuoka Bank	2.9m	1,310	-30
Gajoen Kanko	4.8m	238	+20	Nissan Motor	2.7m	628	+4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

4 pm close February 4

1992/93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Chg'e Prev. Close
15⅞	10¾	AAR Corp x	0.48	4.0	22	324	12	11¾	12	+¼
28½	18	A L Labs A	0.18	0.7	164	1059	26⅝	25¾	26⅜	+⅜
68¾	52⅝	AMP Inc x	1.60	2.8	30	2399	57⅝	56⅞	57¼	+⅝
80¼	54⅜	AMR			10	12826	64½	62¾	64⅜	+2⅜
2⅜	1⅜	ARX			12	5	1⅜	1⅜	1⅜	
53½	29⅞	ASA	2.00	5.9	22	712	33⅞	32⅞	33⅞	+⅝
34¼	26	Abbott Lab	0.60	2.2	18	10898	27⅞	27⅜	27⅜	-⅛
13⅞	10⅛	AbitibiPr	0.50	4.4	4	53	11½	11¼	11⅜	-⅛
11⅝	10⅛	ACM Gvt In	0.96	8.4		509	11⅜	11¼	11⅜	
10⅜	9	ACM GvOpp	0.80	8.5		187	9⅜	9¼	9⅜	+⅛
9¾	8½	ACM Gvt Sp x	0.80	8.6		484	9⅜	9⅛	9¼	
11⅛	9⅞	ACM Gvt Se x	0.96	8.7		207	11	10⅞	11	+⅛
10⅝	8⅝	ACM Msa	1.08	10.8		234	10⅛	10	10	-⅛
12⅞	8⅝	ACM Managd	0.78	8.4		200	9¼	9⅛	9¼	
11¾	4¾	Acme Clevo	0.40	4.5	16	383	8⅞	8½	8⅞	+¼
8⅞	3¾	Acme Elect			180	505	u9¼	8⅞	9	+⅛
33¼	13½	Acuson			11	1541	14⅞	14½	14⅝	
21	18⅛	Adams Expr	0.48	2.3	1	154	u21⅛	20⅞	21	+¼
49⅝	29½	Ad Micro	3.00	6.1		175	49½	48¼	49	
21½	7½	Ad Micro P	3.00	14.8	7	10471	20⅞	20⅛	20¼	-⅛
9⅛	4⅞	Advest Grp	0.16	2.5	13	115	6½	6⅜	6½	
45¼	33	Aegon ADR	1.35	3.1	8	3	44¼	44⅛	44⅛	
52⅜	38	Aetna Lf x	2.76	5.2	15	5581	u53⅛	51¾	53	+1⅜
14½	8⅜	Ahl A	0.24	1.9	17	4123	12⅞	12⅛	12⅞	+¾
35¾	24	Aflac	0.44	1.2	18	3400	u36½	35¼	36¼	+1⅜
32⅛	13	Ahmanson x	0.88	4.3	10	4537	20⅝	19⅞	20⅝	+¾
22½	4	Aileen Inc			10	187	6½	6¼	6⅜	+⅛
49½	36½	Air Pr Chm	0.86	1.8	18	1708	46⅝	45½	46½	+1¼
29¾	12½	Airbrne Frt	0.30	1.3	126	710	22¾	22½	22¾	+¼
23	11¼	Airgas Inc			29	418	21¾	20⅝	21¼	+1
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NYSE COMPOSITE PRICES

1992/93 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chg Prev. Close
Continued from previous page										
		- S -								
21	16⅞	S Anita Rt	1.36	7.4	25	148	18½	18¼	18½	+¼
19½	13⅛	SCOR US Cp	0.28	1.4	16	179	u19¾	19½	19¾	+½
29½	19	SPS Techno	1.28	5.8	36	58	22¼	21¾	22¼	+¼
15⅝	12⅛	Sabine Rt	1.55	11.8	10	9	13⅛	13⅛	13⅛	
11⅞	7¼	Safecard	0.10	0.9	14	498	10⅝	10½	10⅝	
23½	11⅛	Safeg'd Sc			11	88	u23½	23⅛	23⅛	-⅛
32¼	22⅝	SafetyKln	0.34	1.4	30	989	24	23⅝	24	+⅛
20¼	9⅝	Safeway			50	1082	13¾	13⅝	13⅝	
4⅝	2	SafewayW96				6	2¼	2¼	2¼	
41⅞	28⅞	StJoePaper	0.20	0.5	45	447	39½	37⅞	39½	+1⅝
34⅝	28⅞	StJoeL&P x	1.76	5.3	14	9	33¼	33	33	
80¾	66½	St Paul's	2.80	3.4	21	2796	u83	81½	82⅞	+2⅛
10	2⅞	Salant Crp			6	96	9¼	9	9¼	+¼
78	61⅞	Sallie Mae	1.20	1.7	16	4274	71½	70½	71½	+1⅝
14⅝	13	Salomon Br x	0.61	4.6		629	13½	13¼	13⅜	+.49
40	28¾	Salomoninc	0.64	1.6	14	7620	u41	39⅝	39⅝	-⅛
25	21¾	SanDgo G&E	1.44	5.7	14	455	u25⅛	25	25⅛	+¼
4⅞	2⅞	SantaFeEDu	0.40	10.3	43	35	3⅞	3¾	3⅞	+¼
9⅝	7	SantaFeERs	0.16	1.7	135	1057	9½	9⅜	9½	
39¾	30¼	SantaFePac	2.80	7.2	13	78	38¾	38⅜	38¾	+⅜
14¾	10⅝	SantaFeSth	0.10	0.7	44	9637	u15⅛	14⅝	15	+⅜
32½	27	Sara Lee	0.58	2.0	22	9099	29½	28⅞	29⅜	+⅜
44¾	38⅝	Scana Corp	2.68	6.1	15	285	43⅝	43⅜	43⅝	+⅜
47⅞	40¾	Scecorp	2.80	6.0	19	2186	46⅝	45½	46⅝	+⅝
38⅞	22⅞	SchawkRP			27	939	30⅛	29¾	29¾	
70	49⅞	ScheringPl x	1.56	2.7	16	6874	59½	57⅝	58⅝	-1
70⅝	52¾	Schlberger	1.20	2.0	21	9803	59⅝	58	59¼	+1
37¾	16⅝	Schwab(C) x	0.24	0.7	17	5106	36¼	33½	36	+2¾
10⅞	4½	Schweitzer			67	59	7½	7⅜	7⅜	
36⅞	16¾	SchwitMn	0.08	0.3	491	1465	24½	23¾	24¼	+¼
11⅝	7⅛	Scotsman	0.10	0.9	93	260	11½	11⅛	11¼	+⅛
46	33¼	ScottPaper	0.80	2.0	17	2500	40⅝	39½	40¼	+⅝
17½	13½	ScuddrNAsF	0.55	3.7		34	15	14¾	14⅞	-⅛
9¾	7½	ScuddrNEuF	0.34	3.8		1500	8⅞	8¾	8⅞	+¼
24	13	SeaContB x	0.70	2.9	14	42	u24	23¾	24	+1
16	14⅞	SeaC1.4625	1.46	9.3		z100	15¾	15¾	15¾	
31	24½	Seagram Co	0.56	2.1	14	4210	26¾	25⅞	26⅛	+¼
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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Price data supplied by Telekurs

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AMEX COMPOSITE PRICES

4 pm close February 4

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Col Engy		22	271	20¼	20	20	-⅜
Calprop		0	50	2⅝	2⅛	2⅝	
Can Marc	0.23	8	14	10½	10⅜	10⅜	+½
Chmbrs A	0.01	30	4583	4⅞	4⅞	4⅞	-⅛
Chambers		6	238	4⅞	4⅞	4⅞	-⅛
Champion		28	404	12⅝	11⅞	12⅝	+⅛
Chiles		0	1055	2⅛	1⅞	2⅛	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hasbro x	0.20	18	3789	33⅞	32½	32¾	-1⅛
Health Ch		18	53	2⅝	2¼	2¼	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Line		34	735	15⅝	15	15⅝	-⅛
NY TimesA	0.56	74	2570	29⅝	28¾	29	-¼
NthCanOil	0.17	45	258	8⅞	8¾	8¾	-⅛
Numac O&G		2	3	u5⅝	5⅝	5⅝	
NV Ryan		1	115	¾	¾	¾	-1/16
Odetics A		90	84	7¼	7	7¼	+⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WangLab B		1	1823	1¾	1⅞	1⅞	+1/16
Weatherfd		130	882	6⅝	6½	6½	-⅛
Westamer	0.56	11	130	26	25⅞	25⅞	-½
WRIT	1.12	21	426	u15⅛	14⅞	15	
Worthen	0.20	10	78	25⅞	25⅛	25⅛	-¼
Xytronix		6	57	6⅞	6⅝	6⅞	-⅛

NASDAQ NATIONAL MARKET

4 pm close February 4

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

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مكتبة الأصل

FINANCIAL TIMES

Friday February 5 1993

AMERICA

Chrysler leads again as Dow extends climb

Wall Street

US stock prices headed towards record levels yesterday morning, helped by bullishness about the domestic economy and the German cut in interest rates, *writes Karen Zagor in New York.*

At 1.30 pm, the Dow Jones Industrial Average was 26.75 higher at 3,400.54. The more broadly based Standard & Poor's 500 was up 1.60 at 448.80, while the Amex composite was 0.48 higher at 415.37. NYSE volume was heavy, more than 220m shares changing hands by 1.30 pm, and rises outnumbered declines by 1,256 to 611.

On Wednesday, the Dow closed 45.12 higher at 3,373.79.

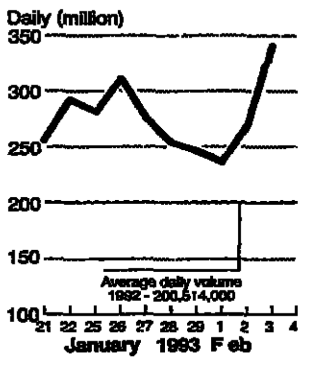
Profit-taking contributed to a Nasdaq composite fall of 1.15 to 707.52 following record levels on Wednesday.

Chrysler continued to lead the market, adding $⅝ to $39½. It has been active since Tuesday's successful completion of a 46m share offering, and it is also benefiting from an improved credit rating from Standard & Poor's.

Ford jumped $2 to $49¾, a 52-week high, but General Motors slid $1¼ to $37⅞ in active trading. Standard & Poor's downgraded its rating on Wednesday.

Waste Management, the biggest US waste disposal company, tumbled $4 to $35⅝ after posting 1992 net income of $1.72 against $1.23 a year earlier. An analyst at Prudential Research downgraded his rating on Waste Management International after the UK-based subsidiary posted disappointing fourth quarter earnings of 18 cents a share. Shares in Waste Management International fell $⅝ to $21⅝.

NYSE volume



Allied Signal hit a 52-week high of $64¾, up $2⅞ on Wednesday's 33 per cent improvement in underlying fourth quarter earnings.

Better-than expected sales at the Gap, a specialty retailer, helped it firm $1⅛ to $37. Sales in January rose 7 per cent on a same-store basis. Caldor, a US general merchandise chain, soared $2 to $33¼ after the company reported a 14.7 per cent jump in January same-store sales.

In the Nasdaq market, a decline in high-tech stocks contributed to the market's decline. Intel eased $1⅜ to $107⅛, Microsoft slipped $1⅞ to $86¼ and Apple Computer eased $⅝ to $59⅝.

Canada

TORONTO took a lead from Wall Street and, by midday, the TSE-300 index was 15.8 higher at 3,359.9. Actives included Methanex, unchanged at C$8⅞ after it agreed to buy the methanol operations of Fletcher Challenge.

American Barrick, which reported a leap in fourth quarter earnings and a gain in ore reserves, climbed C$⅝ to C$38⅞. The Bronfman-controlled Royal Trust topped the actives list on continued funding speculation, up C$0.22 at C$1.73 in nearly 1.1m shares.

EUROPE

Bourses climb as Bundesbank caves in

THE Bundesbank's decision to announce a late cut in interest rates, while it supported an earlier, Italian rate cut, was not met with unanimous acclaim, *writes Our Markets Staff.*

Politicians and stock market traders seemed to like it. The French finance ministry said that it was a gesture which should help stabilise the EMS; and the FT-SE Eurotrack 100 index moved from a gain of just 3.93 at noon to one of 16.32, to 1,113.35, at the close.

However, German businessmen worried about the new threat that the rates decision implies to price stability, and some of their stockbroking counterparts criticised Bundesbank council members for saying one thing, and doing another.

FRANKFURT did little before the Buba news, closing the official session with the DAX index just 0.08 higher at 1,601.61 in turnover up from DM6.6bn to DM7.1bn, but it reacted manfully in the post-bourse with indications of a 0.75 point percentage gain in the late afternoon.

Domestic analysts and strategists had their reservations, saying that this was the second time that the Bundesbank had caved in to political pressure, and that its method of doing so made the council sound more like politicians than central bankers.

There was a case, they said, for expecting dollar-sensitive shares, and the interest rate-sensitive banks to rise tomorrow. In the meantime, Allianz, the insurer, reflected its strong beta factor, exaggerating the market move with a 1⅛ per cent gain in London post bourse trading; but MAN, with its truckmaking interests, was more concerned with the Daf debacle as it fell another DM6 to DM284.

PARIS did not get all that it wanted and the CAC-40 index came back from a high of 1,869.01, up 2.5 per cent in mid-afternoon, to close 30.24 or 1.7 per cent better at 1,854.38.

Mr John Fordyce of Ferri International said that the bourse took the view that the Bundesbank had done only a little over the minimum – but that this should be still be enough to bring French interest rates down, too.

Money piled into interest rate sensitive stocks as market turnover climbed again, from FFr3.45bn to a "colossal" FFr4.7bn. In financials, Cie Bancaire rose FFr23, or 5 per cent, to FFr464 in 200,000 shares and Axa rose FFr30 to FFr1,150 after FFr1,159.

Other features included Matra-Hachette, up FFr5 to FFr109, or 15 per cent for the week so far, on buying enhanced by the American appeal of the media and defence group.

FT-SE Actuaries Share Indices

February 4 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1103.90	1103.86	1103.30	1100.96	1105.79	1113.80	1113.59	1113.35
FT-SE Eurotrack 200	1178.43	1175.84	1176.08	1173.90	1178.20	1184.63	1184.63	1183.60

	Feb 3	Feb 2	Feb 1	Jan 29	Jan 28
FT-SE Eurotrack 100	1097.03	1089.43	1088.01	1079.18	1072.70
FT-SE Eurotrack 200	1171.25	1155.59	1158.83	1148.15	1148.06

Base value 1000 (26/10/90) High/day: 100 - 1114.59; 200 - 1186.70 Low/day: 100 - 1089.72 200 - 1173.14 .

MILAN took heart at the opening from a rate cut of its own – the Bank of Italy's decision to cut discount rate by half a percentage point to 11½ per cent – and the mood was enhanced late in the trading day by speculation about the Bundesbank move.

The Comit index ended 7.15 higher at 498.14.

Analysts were heartened by the timing of the Italian cut which demonstrated, they said, that the Bank of Italy was taking a lead in setting its own rates, rather than holding on to the coat tails of the Bundesbank. The German cut, however, would leave the way open for another cut soon.

Montedison added L93 to L1,240 amid continuing speculation that it would soon sell its Farmitalia Carlo Erba pharmaceuticals unit to Kabi Pharmacia, the pharmaceutical arm of Sweden's Propcordia. Fondiaria firmed L2,037 to L30,990 on further expectations of a reorganisation of the group.

AMSTERDAM ended mixed, but higher it was at midday. The CBS Tendency index finished 0.9 lower at 95.9 after exposure to more gloomy corporate news.

Daf was suspended from trading again, this time on the unofficial, "punishment bench" section of the market for part of the afternoon session. The bourse gave no reason, but the announcement came after the company said that agreement had been reached between banks and the Dutch government on short-term bridging finance to allow its Eindhoven plant to carry on working. The shares moved 15 cents ahead to Fl 1.95 in active turnover of more than 2m shares.

KLM fell Fl 2 in the immediate aftermath of announcing third quarter losses of Fl 437.8m. However, the shares picked up later to end 20 cents higher at Fl 195.90 when it became clear that the figures included a Fl 305m charge against KLM's Northwest Airlines stake. Fokker continued its decline but picked up from a day's low of Fl 8.10 to finish Fl 1.50 lower Fl 8.70, amid concern that Germany's Deutsche Aerospace would press for new terms if it were to go ahead with the plan to acquire a majority stake.

In the chemicals sector, DSM dipped Fl 3.90 to Fl 72.30 on market rumours that the company would cut or omit its 1992 dividend. The company said later that no decision on the dividend had yet been reached.

ZURICH ended steady, apparently not overly impressed by the German rate cut. Prices opened easier amid some profit-taking but the SMI index erased the early losses to close 3.1 higher at 2,123.7.

COPENHAGEN's KFX index closed 0.77 higher at 86.17 in spite of a slight dip from 86.34 at the end of the day on the Bundesbank news, and the receding possibility of a the Danish crown devaluation which had taken equities higher in the first place. Turnover was high at DKr1.4bn.

European majors reflect squeeze on oil margins

Deborah Hargreaves reports on weak share prices

LOW OIL prices, and the economic recession in much of Europe, have hit the profit margins of leading European oil companies. Share prices for many companies have been languishing.

The weak financial position of some European majors has been exacerbated by chronic overcapacity in refining and marketing, as well as petrochemicals. Profit margins at European oil refineries dropped late last year to as low as $2.30 per barrel. This means that no companies are making money from their refining operations, since margins would have to be above $3 a barrel for them to do so.

OMV, the Austrian oil company, has warned that it will report a loss of Sch300m for last year and be forced to cut its dividend. Elf Aquitaine, the French oil group saw profits fall by 36 per cent last year, causing it to announce cutbacks in investment.

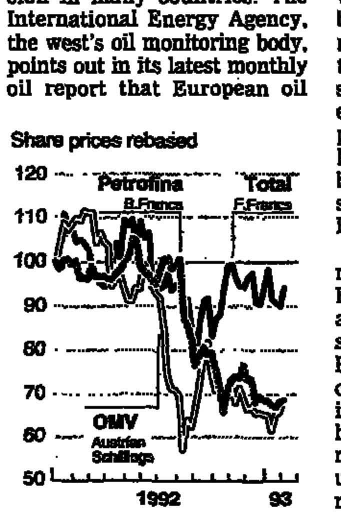
Petrofina, the Belgian group, has already said that it will halve its dividend after a sharp drop in profits. The company is due to report its results in the next couple of days. Total, the French oil company, is also expected to report a drop in profits next week.

"The companies realise that there is little chance of a recovery this year and maybe not even next year, but I'm not sure investors have realised that yet," says Mr Alan Marshall, associate director of equities research at Swiss Bank. "There are too many deep-seated problems in the industry for there to be a quick recovery."

Mr Marshall points to severe overcapacity in European refining, as well as a proliferation of service stations which has kept margins in the business extremely low. "The business is just at the worst point in the cycle – profit margins are entirely dependent on demand since no-one is losing enough money actually to close any capacity down."

European demand has been depressed by economic recession in many countries. The International Energy Agency, the west's oil monitoring body, points out in its latest monthly oil report that European oil demand declined by 2.5 per cent in the final quarter of last year. First quarter demand this year is expected to be 14m barrels a day (b/d) – unchanged from the same period last year when it was also low.

Share prices rebased



Source: Datastream

European oil companies are suffering in a similar way to their counterparts overseas from low oil prices and the downturn in demand. But some companies are managing to weather the storm better than others.

The Spanish oil group, Repsol, has maintained earnings during a difficult period chiefly because of its strong position in the Spanish energy market. The company's debt to equity ratio is expected to have risen at the end of last year from 3 per cent to 23 per cent, but this still leaves it with one of the strongest balance sheets in the industry.

Repsol's financial strength is reflected in its share price performance. The shares showed a sharp drop when the peseta was devalued last September, but since then the price has recovered. Smith New Court, the London brokerage house, says that the problems being encountered by other oil companies such as British Petroleum, Elf, Total and Petrofina has led to a certain amount of switching by investors into Repsol.

Many European oil companies are looking to eastern Europe. OMV, in particular, aims to build up a network of service stations in central Europe which will take the cleaner products provided by its Austrian refineries. Elf has bought into the East German refining market where it could use plant for processing oil it may discover in its exploration acreage in Kazakhstan.

However, Mr Marshall points to the risks in these strategies and stresses that investment in eastern Europe is not likely to pay dividends in the short term.

An additional problem looming for European refiners will be the renewed emphasis on environmental regulations in Europe which is likely to prompt the EC Commission to introduce tough new standards for refineries in the same way as the US has done. The estimated cost of bringing refineries up to new environmental standards in the US has been put at over $14bn for the industry. It could prove almost as costly in Europe.

ASIA PACIFIC

Rate cut fails to maintain Tokyo's momentum

Tokyo

EXCITEMENT over the Bank of Japan's 75 basis point cut in the discount rate faded in the afternoon session, and share prices closed marginally lower on profit-taking, *writes Emiko Terazono in Tokyo.*

The Nikkei index fell 31.40 to 17,190.63, its first decline in four trading days. It saw a high of 17,390.79 in the morning after the official announcement of the rate cut, before falling an afternoon low of 17,171.87 on profit-taking.

Volume fell to 260m shares from 339m. Declines led advances by 555 to 368 with 205 unchanged, and the Topix index of all first section stocks fell 6.77 to 1,300.83 after rising for seven consecutive days. In London, the ISE/Nikkei 50 index rose 1.74 to 1,057.96.

Reaction on other financial markets was muted, with the yen closing at 124.60 against the dollar, down 0.27 from the previous day, and the yield on the No 145 10 year benchmark bond rising 0.015 points to 4.355 per cent.

However, market participants remain hopeful that the lower interest rates will filter through the economy to good effect. Traders said that investors are now waiting for further fiscal stimulus. "Whether the stock market will recover or not depends on the government following up the cut with another supplementary budget, or a cut in income taxes," said a manager of Nippon Life's stock investment division.

Activity centred around short-term speculative trading and cross-trading by financial institutions to realise profits ahead of the March book-closing. Joyo Bank, a leading regional bank, was the most active issue of the day, rising Y10 to Y860 on cross activity.

Isuzu Motors, which has been bought on the "restructuring" theme, fell Y5 to Y375 on dealer profit-taking while Oki Electric, which has also been traded actively as a restructuring beneficiary, gained Y1 to Y392.

Aids-related issues were active. Green Cross fell Y40 to Y1,220 and Kanematsu, a trading company which will produce and distribute a substance used in AZT, an anti-Aids drug, rose Y20 to Y396.

Profit-taking depressed some financial issues which had been popular on expectations of wider profit margins due to a rate cut. Industrial Bank of Japan fell Y50 to Y2,380 and Mitsubishi Bank lost Y10 to Y2,390.

In Osaka, the OSE average fell for the first time in eight trading days on small-lot profit taking. It closed 96.23 lower at 18,576.86 in 54.3m shares.

Roundup

A cautious mood emerged in many of the region's markets.

HONG KONG ended firmer with sentiment still underpinned by the record price paid at Wednesday's government land auction. The Hang Seng Index gained 67.21 to 5,778.01 in turnover of HK$1.86bn.

Properties saw the sharpest rise with Cheung Kong gaining 50 cents to HK$20.30 and Sun Hung Kai Properties up 20 cents to HK$27.20.

AUSTRALIAN stocks staged an early rally, inspired by the strength of overseas markets; but the advance ran out of steam, leaving the All Ordinaries index to close just 1.2 higher at 1,531.4.

Turnover was healthy at A$242m, up from A$238m on Wednesday.

A 16 cent fall in News Corp to $29.40 was attributed to market speculation that the group's stake in British Sky Broadcasting may be worth less than originally thought.

SINGAPORE retreated on profit-taking and the Straits Times Industrial index fell 10.51 to 1,627.08 in volume on 114.45m shares.

KUALA LUMPUR closed mixed as investors became cautious after Wednesday's surge. The composite index closed 3.71 higher at 642.95 in volume of 163m shares.

BANGKOK saw a late selling spree as a series of rumours – none of them true – spread through trading rooms. Investors later repurchased bank and finance company issues leaving the SET index 3.10 lower at 972.16 in turnover of Bt10.34bn.

SOUTH AFRICA

JOHANNESBURG ended firmer, helped by a strong performance from the market leader De Beers which put on R2.75 to R71.75. The overall index rose 21 to 3,478, industrials added 44 to 4,580 but golds dipped 8 to 885.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY FEBRUARY 3 1993								TUESDAY FEBRUARY 2 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	121.26	+0.2	125.37	95.27	103.74	118.56	−0.1	4.10	121.05	124.11	95.53	103.34	118.63	153.68	108.18	142.51
Austria (18)	140.49	+0.7	145.25	110.39	120.19	120.05	+0.7	1.87	139.50	143.03	110.10	119.09	119.21	186.70	131.16	178.72
Belgium (42)	139.16	−0.5	143.88	109.34	119.05	116.86	+0.1	5.17	139.88	143.42	110.39	119.41	116.77	152.27	131.19	143.26
Canada (113)	115.21	+0.8	119.11	90.51	98.55	105.61	+1.0	3.13	114.33	117.22	90.22	97.59	104.52	142.12	111.36	137.13
Denmark (33)	203.31	−0.6	210.20	159.74	173.93	177.59	+0.8	1.54	204.43	209.60	161.34	174.52	176.14	273.94	181.70	266.78
Finland (23)	66.60	−0.9	68.85	52.33	56.97	79.80	+0.6	1.77	67.20	68.90	53.03	57.37	79.33	89.80	52.84	88.44
France (98)	144.84	+1.4	149.74	113.79	123.89	126.77	+1.8	3.53	142.90	146.52	112.77	121.98	124.52	168.75	136.93	151.82
Germany (62)	106.57	+1.0	110.19	83.75	91.17	91.17	+1.2	2.50	105.57	108.24	83.32	90.12	90.12	129.69	101.59	120.59
Hong Kong (55)	227.97	+1.0	235.70	179.12	195.04	226.33	+1.0	3.99	225.77	231.48	178.17	192.74	224.19	262.28	176.36	193.87
Ireland (16)	132.75	−3.0	137.25	104.31	113.57	127.77	−1.7	4.16	136.90	140.36	108.04	116.86	129.94	173.71	122.98	171.42
Italy (76)	59.01	−0.2	61.01	46.36	50.48	67.60	+0.3	3.07	59.13	60.63	46.67	50.48	67.39	80.86	47.47	79.99
Japan (472)	*105.65*	*+0.9*	*109.23*	*83.01*	*90.39*	*83.01*	*+0.4*	*1.00*	*104.75*	*107.40*	*82.67*	*89.43*	*82.67*	*140.95*	*87.27*	*127.44*
Malaysia (69)	267.42	+2.3	276.48	210.11	228.77	269.84	+2.1	2.47	261.34	267.96	206.24	223.10	264.21	282.42	212.49	228.60
Mexico (18)	1535.16	−2.1	1587.17	1206.20	1313.31	5204.90	−2.1	1.15	1567.48	1607.15	1237.05	1338.12	5316.22	1789.77	1185.84	1519.37
Netherland (25)	153.70	+0.4	158.91	120.76	131.49	130.02	+0.7	4.38	153.16	157.03	120.87	130.75	129.18	169.70	147.88	153.92
New Zealand (13)	42.34	+0.9	43.78	33.27	36.22	43.61	+0.9	5.01	41.95	43.01	33.11	35.81	43.21	48.52	37.39	45.42
Norway (22)	*138.48*	*−1.1*	*143.18*	*108.81*	*118.47*	*131.43*	*−0.9*	*1.83*	*140.01*	*143.55*	*110.50*	*119.53*	*132.69*	*192.95*	*128.05*	*183.76*
Singapore (38)	221.76	+0.1	229.28	174.24	189.71	168.42	+0.1	1.95	221.51	227.11	174.81	189.09	168.22	229.63	179.65	224.62
South Africa (60)	162.96	+0.3	168.50	128.05	139.42	166.85	+0.2	3.05	162.57	166.68	128.29	138.77	166.44	263.80	134.21	248.28
Spain (47)	127.34	+0.5	131.66	100.06	108.94	113.07	+1.1	5.36	126.66	129.86	99.96	108.12	111.83	161.72	107.10	158.78
Sweden (36)	149.70	−2.1	154.77	117.62	128.07	166.93	−0.7	2.57	152.83	156.70	120.62	130.47	168.10	200.28	149.69	186.90
Switzerland (56)	*110.71*	*+0.0*	*114.47*	*87.00*	*94.73*	*104.84*	*+0.0*	*2.04*	*110.73*	*113.54*	*87.40*	*94.54*	*104.59*	*122.37*	*95.99*	*102.04*
United Kingdom (226)	166.23	+0.5	171.87	130.60	142.20	171.87	+1.4	4.33	165.34	169.52	130.47	141.13	169.52	200.07	161.86	183.56
USA (522)	182.77	+1.0	188.96	143.61	156.37	182.77	+1.0	2.76	180.99	185.57	142.84	154.51	180.99	182.77	160.92	169.03
Europe (780)	134.76	+0.5	139.32	105.88	115.29	128.32	+1.1	3.67	134.15	137.54	105.87	114.52	126.99	156.88	131.31	148.83
Nordic (114)	142.13	−1.5	146.95	111.68	121.59	140.21	−0.2	2.18	144.30	147.95	113.88	123.16	140.50	188.52	141.24	187.10
Pacific Basin (715)	110.37	+0.9	114.11	86.72	94.42	88.62	+0.5	1.35	109.44	112.20	86.37	93.42	88.22	141.97	93.70	129.78
Euro – Pacific (1495)	120.23	+0.7	124.30	94.46	102.85	104.43	+0.7	2.41	119.43	122.45	94.24	101.95	103.67	145.21	113.80	137.69
North America (635)	178.59	+1.0	184.64	140.34	152.81	177.55	+1.0	2.78	176.86	181.34	139.60	151.01	175.82	178.59	158.70	167.00
Europe Ex. UK (554)	115.52	+0.4	119.44	90.79	98.85	104.66	+0.8	3.21	115.07	117.98	90.83	98.25	103.80	132.98	111.33	127.72
Pacific Ex. Japan (243)	156.73	+0.8	162.04	123.16	134.09	145.77	+0.7	3.66	155.45	159.38	122.70	132.71	144.74	175.31	146.06	152.89
World Ex. US (1686)	121.40	+0.6	125.51	95.39	103.86	106.40	+0.7	2.43	120.63	123.68	95.21	102.88	105.66	146.91	115.99	139.74
World Ex. UK (1982)	138.73	+0.8	143.43	109.01	118.70	125.77	+0.8	2.38	137.61	141.09	108.61	117.49	124.83	150.58	127.21	145.24
World Ex. So. Af. (2148)	141.09	+0.8	145.87	110.87	120.71	129.46	+0.8	2.57	139.98	143.52	110.48	119.51	128.40	153.05	130.04	147.92
World Ex. Japan (1736)	161.18	+0.8	166.65	126.66	137.91	157.17	+1.0	3.11	159.96	164.01	126.25	136.58	155.67	165.40	151.93	161.13
The World Index (2208)	*141.13*	*+0.8*	*145.92*	*110.90*	*120.75*	*129.82*	*+0.8*	*2.58*	*140.03*	*143.56*	*110.52*	*119.55*	*128.76*	*153.70*	*130.66*	*148.57*

Latest prices were unavailable for this edition.